

imports of subject merchandise. The effective date of continuation of these orders is August 28, 2006. Pursuant to sections 751(c)(2) and 751(c)(6)(A) of the Act, the Department intends to initiate the next five-year reviews of these orders not later than July 2011.

This notice of continuation and these sunset reviews are in accordance with section 751(c) of the Act and published pursuant to section 777(i)(1) of the Act.

Dated: September 5, 2006.

**David A. Spooner,**

*Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

(C-580-818)

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

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

**SUMMARY:** The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty (CVD) order on corrosion-resistant carbon steel flat products (*i.e.*, corrosion-resistant carbon steel plate) from the Republic of Korea (Korea) for the period of review (POR) January 1, 2004, through December 31, 2004. For information on the net subsidy for each of the reviewed companies, see the "Preliminary Results of Review" section of this notice. Interested parties are invited to comment on these preliminary results. (See the "Public Comment" section of this notice).

**EFFECTIVE DATE:** September 11, 2006.

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

#### SUPPLEMENTARY INFORMATION:

##### Background

On August 17, 1993, the Department published in the **Federal Register** the CVD order on corrosion-resistant carbon steel flat products from Korea. See *Countervailing Duty Orders and Amendments to Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Korea*, 58

FR 43752 (August 17, 1993). On August 1, 2005, the Department published a notice of opportunity to request an administrative review of this CVD order. See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 70 FR 44085 (August 1, 2005). On August 31, 2005, we received a timely request for review from Pohang Iron and Steel Co. Ltd. (POSCO) and Dongbu Steel Co., Ltd. (Dongbu). On September 28, 2005, the Department published a notice of initiation of the administrative review of the CVD order on corrosion-resistant carbon steel flat products from Korea covering the POR January 1, 2004, through December 31, 2004. See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 70 FR 56631 (September 28, 2005). On October 19, 2005, the Department sent its initial questionnaire to POSCO, Dongbu, and the Government of Korea (GOK). On December 21, 2005, the Department received questionnaire responses from POSCO, Pohang Steel Co., Ltd. (POCOS, a production affiliate of POSCO), POSCO Steel Service & Sales Co., Ltd. (POSTEEL, a trading company for POSCO),<sup>1</sup> Dongbu, and the GOK. On March 20, 2006, we issued supplemental questionnaires to POSCO and the GOK. On April 3, 2006, we received the responses to these supplemental questionnaires.

On April 17, 2006, the Department published in the **Federal Register** a notice of extension of the time period for issuing the preliminary results. See *Corrosion-Resistant Carbon Steel Flat Products from France and the Republic of Korea: Extension of Time Limit for Preliminary Results of Countervailing Duty Administrative Reviews*, 71 FR 19714 (April 17, 2006). On July 31, 2006, we issued an additional supplemental questionnaire to POSCO, POCOS, and POSTEEL. On August 3, 2006, we issued an additional supplemental questionnaire to the GOK. We received responses to these supplemental questionnaires on August 11, 2006.

In accordance with 19 CFR 351.213(b), this review covers only those producers or exporters for which a review was specifically requested. The companies subject to this review are POSCO (and its affiliates POCOS and POSTEEL) and Dongbu.

<sup>1</sup> In these preliminary results, unless otherwise stated, we use POSCO to collectively refer to POSCO, POCOS, and POSTEEL.

#### Affiliated Parties and Trading Companies

In the present administrative review, record evidence indicates that POCOS is a majority-owned affiliate of POSCO. Under 19 CFR 351.525(b)(6)(iii), if the firm that received a subsidy is a holding company, including a parent company with its own operations, the Department will attribute the subsidy to the consolidated sales of the holding company and its subsidiaries. Thus, we attributed subsidies received by POCOS to POSCO and its subsidiaries, net of intra-company sales. Dongbu reported that it is the only member of the Dongbu group in Korea that was involved with the sale of subject merchandise to the United States.

#### Scope of Order

Products covered by this order are certain corrosion-resistant carbon steel flat products from Korea. These products include flat-rolled carbon steel products, of rectangular shape, either clad, plated, or coated with corrosion-resistant metals such as zinc, aluminum, or zinc-, aluminum-, nickel- or iron-based alloys, whether or not corrugated or painted, varnished or coated with plastics or other nonmetallic substances in addition to the metallic coating, in coils (whether or not in successively superimposed layers) and of a width of 0.5 inch or greater, or in straight lengths which, if of a thickness less than 4.75 millimeters, are of a width of 0.5 inch or greater and which measures at least 10 times the thickness or if of a thickness of 4.75 millimeters or more are of a width which exceeds 150 millimeters and measures at least twice the thickness. The merchandise subject to this order is currently classifiable in the *Harmonized Tariff Schedule of the United States* (HTSUS) at subheadings: 7210.30.0000, 7210.31.0000, 7210.39.0000, 7210.41.0000, 7210.49.0030, 7210.49.0090, 7210.60.0000, 7210.61.0000, 7210.69.0000, 7210.70.6030, 7210.70.6060, 7210.70.6090, 7210.90.1000, 7210.90.6000, 7210.90.9000, 7212.20.0000, 7212.21.0000, 7212.29.0000, 7212.30.1030, 7212.30.1090, 7212.30.3000, 7212.30.5000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7212.60.0000, 7215.90.1000, 7215.9030, 7215.90.5000, 7217.12.1000, 7217.13.1000, 7217.19.1000, 7217.19.5000, 7217.20.1500, 7217.22.5000, 7217.23.5000, 7217.29.1000, 7217.29.5000, 7217.30.15.0000, 7217.32.5000, 7217.33.5000, 7217.39.1000, 7217.39.5000,

7217.90.1000 and 7217.90.5000. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise is dispositive.

#### Average Useful Life

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

#### Subsidies Valuation Information

##### A. Benchmarks for Short-Term Financing

For those programs requiring the application of a won-denominated, short-term interest rate benchmark, in accordance with 19 CFR 351.505(a)(2)(iv), we used as our benchmark a company-specific weighted-average interest rate for commercial won-denominated loans outstanding during the POR. Where unavailable, we used the average interest rate on lending rate loans for the POR, as reported in the IMF's *International Financial Statistics Yearbook*. This approach is in accordance with the Department's practice. See, e.g., the *Final Affirmative Countervailing Duty Determination: Structural Steel Beams From the Republic of Korea*, 65 FR 41051 (July 3, 2000) (*H Beams Investigation*), and the accompanying Issues and Decision Memorandum (*H Beams Decision Memorandum*), at "Benchmarks for Short-Term Financing."

##### B. Benchmark for Long-Term Loans Issued Through 2004

During the POR, POSCO and Dongbu had outstanding long-term won-

denominated and foreign-currency denominated loans from government-owned banks and Korean commercial banks. Based on our findings on this issue in prior investigations and administrative reviews, we are using the following benchmarks to calculate the subsidies attributable to respondents' countervailable long-term loans obtained in the years 1991 through 2004:

(1) For countervailable, foreign-currency denominated loans, pursuant to 19 CFR 351.505(a)(2)(ii), and consistent with our past practice to date, our preference is to use the company-specific, weighted-average foreign-currency-denominated interest rates on the company's loans from foreign bank branches in Korea, foreign securities, and direct foreign loans received after 1991. See, e.g., *Final Affirmative Countervailing Duty Determination: Stainless Steel Sheet and Strip in Coils from the Republic of Korea*, 64 FR 30636, 30642 (June 8, 1999) (*Sheet and Strip Investigation*); see also *Final Negative Countervailing Duty Determination: Stainless Steel Plate in Coils from the Republic of Korea*, 64 FR 15530, 15533 (March 31, 1999) (*Plate in Coils Investigation*). Where no such benchmark instruments are available, and consistent with 19 CFR 351.505(a)(3)(ii) as well as our methodology in a prior administrative review, we relied on the lending rates as reported by the IMF's *International Financial Statistics Yearbook*. See *Final Results and Partial Rescission of Countervailing Duty Administrative Review: Stainless Steel Sheet and Strip in Coils from the Republic of Korea*, 69 FR 2113 (January 14, 2004) (*2001 Sheet and Strip*), and the accompanying Issues and Decision Memorandum (*2001 Sheet and Strip Decision Memorandum*), at "Subsidies Valuation Information."

(2) For countervailable, won-denominated, long-term loans, our practice is to use the company-specific corporate bond rate on the company's public and private bonds, as we determined that the GOK did not control the Korean domestic bond market after 1991 and that domestic bonds may serve as an appropriate benchmark interest rate. See *Plate in Coils Investigation*, 64 FR at 15531; see also 19 CFR 351.505(a)(2)(ii). Where unavailable, we used the national average of the yields on three-year corporate bonds, as reported by the Bank of Korea (BOK). We note that the use of the three-year corporate bond rate from the BOK follows the approach taken in the *Plate in Coils Investigation*, in which we determined that, absent company-specific interest rate

information, the corporate bond rate is the best indicator of a market rate for won-denominated long-term loans in Korea. See *Plate in Coils Investigation*, 64 FR at 15531. See also 19 CFR 505(a)(3)(ii).

In accordance with 19 CFR 351.505(a)(2), our benchmarks take into consideration the structure of the government-provided loans. For fixed-rate loans, pursuant to 19 CFR 351.505(a)(2)(iii), we used benchmark rates issued in the same year that the government loans were issued. For variable-rate loans outstanding during the POR, pursuant to 19 CFR 351.505(a)(5)(i), our preference is to use the interest rates of variable-rate lending instruments issued during the year in which the government loans were issued. Where such benchmark instruments are unavailable, we used interest rates from loans issued during the POR as our benchmark, as such rates better reflect a variable interest rate that would be in effect during the POR. This approach is in accordance with the Department's practice under similar facts. See, e.g., *Final Results and Partial Rescission of Countervailing Duty Administrative Review: Stainless Steel Sheet and Strip From the Republic of Korea*, 68 FR 13267 (March 19, 2003) (*2000 Sheet and Strip*), and accompanying Issues and Decision Memorandum (*Sheet and Strip Decision Memorandum*), at Comment 8; see also 19 CFR 351.505(a)(5)(ii).

##### C. Benchmark Discount Rates

Certain programs examined in this administrative review require the allocation of won-denominated benefits over time. Thus, we have employed the allocation methodology described under 19 CFR 351.524(d). Pursuant to 19 CFR 351.524(d)(3)(i), we based our discount rate upon data for the year in which the government agreed to provide the subsidy. Under 19 CFR 351.524(d)(3)(i)(A), our preference is to use the cost of long-term, fixed-rate loans of the firm in question. Thus, where available, we used company-specific corporate bond rates on public and private bonds. See *Plate in Coils Investigation*, 64 FR at 15531. Where unavailable, pursuant to 19 CFR 351.524(d)(3)(i)(B), we used the national average of the yields on three-year corporate bonds, as reported by the BOK.

#### I. Program Preliminarily Determined to Confer Subsidies

##### A. The GOK's Direction of Credit

1. Countervailable Loans Received Through 1991

In the 1993 investigation of *Steel Products from Korea*, the Department determined that (1) the GOK influenced the practices of lending institutions in Korea; (2) the GOK regulated long-term loans provided to the steel industry on a selective basis; and (3) the selective provision of these regulated loans resulted in a countervailable benefit. Accordingly, all long-term loans received by the producers/exporters of the subject merchandise were treated as countervailable. The determination in that investigation covered all long-term loans issued through 1991. See *Final Affirmative Countervailing Duty Determinations and Final Negative Critical Circumstances Determinations: Certain Steel Products From Korea*, 58 FR 37338, 37339 (July 9, 1993) (*Steel Products from Korea*). This finding of control was determined to be sufficient to constitute a government program and government action. See *id.*, 58 FR at 37342. In *Steel Products from Korea*, we also determined that (1) the Korean steel sector, as a result of the GOK's credit policies and control over the Korean financial sector, received a disproportionate share of regulated long-term loans, so that the program was, *de facto*, specific, and (2) the interest rates on those loans were inconsistent with commercial considerations. See *id.*, 58 FR at 37343. On this basis, we countervailed all long-term loans received by the steel sector from all lending sources through 1991. See, e.g., *H Beams Decision Memorandum*, at "The GOK's Credit Policies Through 1991."

## 2. Countervailable Loans Received from 1992 Through 2001

In subsequent proceedings, with regard to the period 1992 through 2001, the Department consistently found the GOK continued to exercise control over the lending practices of domestic commercial banks and government-controlled banks, and thereby directed subsidies specific to the steel industry within the meaning of section 771(5A)(D)(iii) of the Tariff Act of 1930, as amended (the Act). Further, we found that such loans constituted a financial contribution within the meaning of section 771(5)(D)(i) of the Act and a benefit under section 771(5)(E)(ii) of the Act, to the extent that the interest rates on the loans were lower than the interest rates on comparable commercial loans. See *Sheet and Strip Investigation*, 64 FR at 30642 (regarding 1992 through 1997); and *Plate in Coils Investigation*, 64 FR at 15533 (regarding 1992 through 1997); *H Beams Decision Memorandum*, at "The GOK's Credit Policies from 1992 through 1998"; *Final Results and Partial Rescission of Countervailing Duty*

*Administrative Review: Stainless Steel Sheet and Strip in Coils from the Republic of Korea*, 67 FR 1964 (January 15, 2002) (*1999 Sheet and Strip*), and accompanying Issues and Decision Memorandum (*1999 Sheet and Strip Decision Memorandum*) at "the GOK's Direction of Credit" (regarding 1999); *Final Affirmative Countervailing Duty Determination: Certain Cold-Rolled Carbon Steel Flat Products From the Republic of Korea*, 67 FR 62102 (October 3, 2002) (*Cold-Rolled Investigation*), and accompanying Issues and Decision Memorandum (*Cold-Rolled Decision Memorandum*), at "The GOK Directed Credit" (regarding 2000); and *2001 Sheet and Strip Decision Memorandum*, at "The GOK's Direction of Credit" (regarding 2001).

During the POR, POSCO and Dongbu had outstanding loans that were received prior to the 2002 period. As stated above, the Department has found GOK-directed credit from domestic commercial banks and government-owned banks to be countervailable through 2001. POSCO, Dongbu, and the GOK did not provide any new information that would warrant a change in these prior findings. Therefore, we continue to find that POSCO and Dongbu benefitted from this program, which provides a countervailable subsidy of loans from government-owned or controlled banks through 2001.

## 3. Countervailable Loans Received from 2002 Through 2004

Section 776(a)(1) and (2) of the Act provides that the Department shall apply "facts otherwise available" if, *inter alia*, necessary information is not on the record or an interested party or any other person (A) withholds information that has been requested, (B) fails to provide information within the deadlines established, or in the form and manner requested by the Department, subject to subsections (c)(1) and (e) of section 782 of the Act, (C) significantly impedes a proceeding, or (D) provides information that cannot be verified as provided by section 782(i) of the Act.

Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party the opportunity to remedy or explain the deficiency. If the party fails to remedy the deficiency within the applicable time limits and subject to section 782(e) of the Act, the Department may disregard all or part of the original and

subsequent responses, as appropriate. Section 782(e) of the Act provides that the Department shall not decline to consider information that is submitted by an interested party and is necessary to the determination but does not meet all applicable requirements established by the administering authority if the information is timely, can be verified, is not so incomplete that it cannot be used, and if the interested party acted to the best of its ability in providing the information. Where all of these conditions are met, the statute requires the Department to use the information if it can do so without undue difficulties. However, because the GOK failed to provide the requested information, section 782(d) and (e) of the Act are not applicable.

Section 776(b) of the Act further provides that the Department may use an adverse inference in applying the facts otherwise available when a party has failed to cooperate by not acting to the best of its ability to comply with a request for information. Section 776(b) of the Act also authorizes the Department to use as adverse facts available (AFA) information derived from the petition, the final determination, a previous administrative review, or other information placed on the record.

For the reasons discussed below, we determine that, in accordance with sections 776(a)(2) and 776(b) of the Act, the use of AFA is appropriate for the preliminary results for the determination of direction of credit for loans received from 2002 through 2004.

We asked the GOK for information pertaining to the GOK's direction of credit policies for the period from 2002 through 2004. The GOK did not provide any additional information, stating instead that:

The Department has consistently found that long-term loans received by the steel industry were the result of GOK direction, despite the GOK's repeated objections and demonstrations to the contrary. While the GOK does not agree with the Department's position, the legal costs to further contest this issue in this review overshadow any possible benefit.

See the December 21, 2005, GOK Questionnaire Response, at 8. Because the GOK withheld the requested information on its lending policies, the Department does not have the necessary information on the record to determine whether the GOK has continued its direction of credit policies from 2002 through 2004. Therefore, the Department must base its determination

on facts otherwise available. See Section 776(a)(2)(A) of the Act.

In this case, the GOK refused to supply requested information that was in its possession, and which it had provided in prior proceedings. See, e.g., *Final Affirmative Countervailing Duty Determination: Certain Cut-to-Length Carbon-Quality Steel Plate from the Republic of Korea*, 64 FR 73176, 73178 (December 29, 1999) (*CTL Plate Investigation*). Therefore, we find that the GOK did not act to the best of its ability and are employing an adverse inference in selecting from among the facts otherwise available. As AFA, we therefore find that the GOK's direction of credit policies continued from 2002 through 2004. As noted above, the GOK's direction of credit policies provide a financial contribution, confer a benefit, and are specific, pursuant to sections 771(5)(D)(i), 771(5)(E)(ii), and 771(5A)(D)(iii) of the Act, respectively. Therefore, we preliminarily find that lending from domestic banks and government-owned banks during the 2002 and 2004 period are countervailable. Thus, any loans received during 2002 and 2004 from domestic banks and government-owned banks that were outstanding during the POR are countervailable, to the extent that the interest amount paid on the loan is less than what would have been paid on a comparable commercial loan. The Department's decision to rely on adverse inferences when lacking a response from the GOK regarding the direction of credit issue is in accordance with its practice. See, e.g., *Preliminary Results of Countervailing Duty Administrative Review: Certain Cut-to-Length Carbon-Quality Steel Plate from the Republic of Korea*, 71 FR 11397, 11399 (March 7, 2006) (*2004 CTL Plate*) (unchanged in final results); *Final Results of Countervailing Duty Administrative Review: Certain Cut-to-Length Carbon-Quality Steel Plate from Korea*, 71 FR 38861 (July 10, 2006).

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as [i]nformation derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise. See Statement of Administrative Action ("SAA") accompanying the Uruguay Round Agreements Act, H. Doc. No.

316, 103d Cong., 2d Session, Vol. 1, at 870 (1994). Corroborate means that the Department will satisfy itself that the secondary information to be used has probative value. *Id.* To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that the Department need not prove that the selected facts available are the best alternative information. *Id.*

Thus, in those instances in which it determines to apply AFA, the Department, in order to satisfy itself that such information has probative value, will examine, to the extent practicable, the reliability and relevance of the information used. However, unlike other types of information, such as publicly available data on the national inflation rate of a given country or national average interest rates, there typically are no independent sources for data on the specificity of countervailable subsidy programs. The only source for such information normally is administrative determinations, which are reliable. In the instant case, no evidence has been presented or obtained that contradicts the reliability of the evidence relied upon in previous segments of this proceeding.

With respect to the relevance aspect of corroboration, the Department will consider information reasonably at its disposal as to whether there are circumstances that would render benefit data not relevant. Where circumstances indicate that the information is not appropriate as AFA, the Department will not use it. See *Fresh Cut Flowers from Mexico; Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996). In the instant case, no evidence has been presented or obtained that contradicts the finding of directed credit relied upon in previous segments of this proceeding. Thus, in the instant case, the Department finds that the information used has been corroborated to the extent practicable.

Dongbu and POSCO reported that, during the POR, they had outstanding fixed-rate and variable-rate loans from government-owned or -controlled lending institutions that were issued between 2002 and 2004.

#### 4. Calculation of the Benefit and Net Subsidy Rate Under the Direction of Credit Program

In accordance with 19 CFR 351.505(c)(2) and (4), we calculated the benefit for each fixed- and variable-rate loan received from GOK-owned or -controlled banks to be the difference

between the actual amount of interest paid on the directed loan during the POR and the amount of interest that would have been paid during the POR at the benchmark interest rate. We conducted our benefit calculations using the benchmark interest rates described in the "Subsidies Valuation Information" section above. For foreign currency-denominated loans, we converted the benefits into Korean won using exchange rates obtained from the BOK. We then summed the benefits from each company's long-term fixed-rate and variable-rate won-denominated loans.

To calculate the net subsidy rate, we divided the companies' total benefits by their respective total f.o.b. sales values during the POR, as this program is not tied to exports or a particular product. In calculating the net subsidy rate for POSCO, we removed from the denominator sales made between affiliated parties.<sup>2</sup> On this basis, we preliminarily determine the net subsidy rate under the direction of credit program to be less than 0.005 percent *ad valorem* for POSCO and 0.14 percent *ad valorem* for Dongbu.

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

Under Article 56(2) of the TERCL, the GOK permitted companies that made an initial public offering between January 1, 1987, and December 31, 1990, to revalue their assets at a rate higher than the 25 percent required of most other companies under the Asset Revaluation Act. The Department has previously found this program to be countervailable. For example, in the *CTL Plate Investigation*, the Department determined that this program was *de facto* specific under section 771(5A)(D)(iii) of the Act because the actual recipients of the subsidy were limited in number and the basic metal industry was a dominant user of this program. We also determined that a financial contribution was provided in the form of tax revenue foregone pursuant to section 771(5)(D)(ii) of the Act. See *CTL Plate Investigation*, 64 FR at 73182 - 83. The Department further determined that a benefit was conferred within the meaning of section 771(5)(E) of the Act on those companies that were able to revalue their assets under TERCL Article 56(2) because the revaluation resulted in participants paying fewer taxes than they would otherwise pay

<sup>2</sup>For POSCO, we also removed intra-company sales from the denominators of the net subsidy rate calculations of the other programs found countervailable in these preliminary results. This step was not necessary for Dongbu.

absent the program. *Id.* No new information, evidence of changed circumstances, or comments from interested parties were presented in this review to warrant any reconsideration of the countervailability of this program.

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

#### C. Research and Development (R&D) Grants Under the Industrial Development Act (IDA)

The GOK, through the Ministry of Commerce, Industry, and Energy (MOCIE), provides R&D grants to support numerous projects pursuant to the IDA, including technology for core materials, components, engineering systems, and resource technology. The IDA is designed to foster the development of efficient technology for industrial development. To participate in this program a company may: (1) Perform its own R&D project, (2) participate through the Korea New Iron and Steel Technology Research Association (KNISTRA), which is an association of steel companies established for the development of new iron and steel technology, and/or (3) participate in another company's R&D project and share R&D costs, along with funds received from the GOK. To be eligible to participate in this program, the applicant must meet the qualifications set forth in the basic plan and must perform R&D as set forth under the Notice of Industrial Basic Technology Development. If the R&D project is not successful, the company must repay the full amount.

In the *H Beams Investigation*, the Department determined that through KNISTRA the Korean steel industry receives funding specific to the steel industry. Therefore, given the nature of KNISTRA, the Department found projects under KNISTRA to be specific. See *Preliminary Negative Countervailing Duty Determination and Alignment of Final Countervailing Duty*

*Determination With Final Antidumping Duty Determination: Structural Steel Beams From the Republic of Korea*, 64 FR 69731, 69740 (December 14, 1999)(unchanged in the final results); and *H Beams Decision Memorandum*, at "R&D Grants under The Korea New Iron & Steel Technology Research Association (KNISTRA)." Further, we found that the grants constituted a financial contribution and conferred a benefit in accordance with sections 771(5)(D)(i) and 771(5)(E) of the Act, respectively. *Id.* No new factual information or evidence of changed circumstances has been provided to the Department with respect to this program. Therefore, we preliminarily determine that this program is *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act and constitutes a financial contribution and confers a benefit under sections 771(5)(D)(i) and 771(5)(E) of the Act, respectively.

Dongbu reported that it did not use the program. POSCO reported receiving grants through KNISTRA; however, it claims that the research grants it received under the program are tied to non-subject merchandise. Upon review of the information submitted by the GOK and POSCO, we preliminarily determine that certain grants are tied to non-subject merchandise, and thus, we did not include these grants in our benefit calculations. See GOK's December 21, 2005, Questionnaire Response, at Exhibit J-5. However, POSCO also reported receiving certain other grants related to a production process that can be used for an input into the production of subject merchandise. See POSCO's December 21, 2005, Questionnaire Response, at Exhibit 6; and Dongbu's December 21, 2005, Questionnaire Response, at Exhibit 6. See the Memorandum to the File from Gayle Longest and Robert Copyak, Case Analysts, "Factual Information Regarding the Steel Production Process," August 31, 2006, which is on file in the Central Records Unit, room B-099 the main Commerce Building. Under 19 CFR 351.525(b)(5), if a subsidy is tied to the production or sale of a particular product, the Department will attribute the subsidy only to that product. But, under subparagraph (ii), if a subsidy is tied to the production of an input product, then the Department will attribute the subsidy to both the input and downstream products produced by a corporation. Accordingly, we have attributed the grant related to a production process that can be used as an input into the production of subject merchandise to POSCO's total sales.

To determine the benefit from the grants that POSCO received through KNISTRA, we calculated the GOK's contribution for each R&D project. Next, in accordance with 19 CFR 351.524(b)(2), we determined whether to allocate the non-recurring benefit from the grants over POSCO's AUL by dividing the approved amount by POSCO's total sales in the year of approval. Because the approved amounts were less than 0.5 percent of POSCO's total sales in the year of receipt, we expensed the grants to the year of receipt. Next, to calculate the net subsidy rate, we divided the portion of the benefit allocated to the POR by POSCO's total f.o.b. sales during the POR. On this basis, we preliminarily determine POSCO's net subsidy rate under this program to be less than 0.005 percent *ad valorem*.

#### D. Exemption of VAT on Imports of Anthracite Coal

Under Article 106 of Restriction of Special Taxation Act (RSTA), imports of anthracite coal are exempt from the value added tax (VAT). In the *Cold-Rolled Investigation*, we determined that the program is *de jure* specific to the steel industry under section 771(5A)(D)(i) of the Act, as the items allowed to be imported without paying VAT are limited to the production of steel products. See *Cold-Rolled Decision Memorandum*, at "Exemption of VAT on Imports of Anthracite Coal." We also determined that the VAT exemptions under the program constitute a financial contribution under section 771(5)(D)(ii) of the Act, as the GOK is not collecting revenue otherwise due, and that the exemptions confer a benefit under section 771(5)(E) of the Act equal to the amount of the VAT that would have otherwise been paid if not for the exemption. No new information, evidence of changed circumstances, or comments from interested parties were presented in this review to warrant any reconsideration of the countervailability of this program.

Dongbu reported that it did not use the program during the POR. POSCO imported anthracite coal during the POR and, therefore, received a benefit in the amount of the VAT that it would have otherwise paid if not for the exemption. To determine POSCO's benefit from the VAT exemption on these imports, we calculated the amount of VAT that would have been due absent the program on the total value of anthracite coal POSCO imported during the POR. We then divided the amount of this tax benefit by POSCO's respective total f.o.b. sales. Based upon this methodology, we preliminarily

determine that POSCO received a countervailable subsidy of 0.04 percent *ad valorem*.

*E. GOK Infrastructure Investment at Kwangyang Bay Through 1991*

In *Steel Products from Korea*, the Department investigated the GOK's infrastructure investments at Kwangyang Bay over the period 1983–1991. We determined that the GOK's provision of infrastructure at Kwangyang Bay was countervailable because POSCO was the predominant user of the GOK's investments. Dongbu did not use this program. Consistent with section 771(5A)(D)(iii) of the Act, the Department has consistently held that a countervailable subsidy exists when benefits under a program are provided, or are required to be provided, in law or in fact, to a specific enterprise or industry or group of enterprises or industries. *See, e.g., Steel Products from Korea*, 58 FR at 37346; and *CTL Plate Investigation*, 64 FR at 73180. No new factual information or evidence of changed circumstances has been provided to the Department with respect to the GOK's infrastructure at Kwangyang Bay over the period 1983–1991. Therefore, we preliminarily determine the infrastructure investments the GOK provided to POSCO are *de facto* specific within the meaning of section 771(5A)(D)(iii)(II) of the Act. Further, we preliminarily determine that the infrastructure investments constitute a financial contribution and confer a benefit within the meaning of sections 771(5)(D)(i) and 771(5)(E) of the Act, respectively.

To determine the benefit from the GOK's investments to POSCO during the POR, we utilized the approach adopted in prior proceedings. *See, e.g., CTL Plate Investigation*, 64 FR at 73180. In measuring the benefit from this program, we treated the GOK's costs of constructing the infrastructure at Kwangyang Bay as untied, non-recurring grants in each year in which the costs were incurred. To calculate the benefit conferred during the POR, we applied the Department's standard grant methodology and allocated the GOK's infrastructure investments over a 15-year allocation period. *See* the "Average Useful Life" section, above. Using the 15-year allocation period, POSCO is still receiving benefits under this program from the GOK investments made during the years 1990 through 1991. To calculate the benefit from these grants, we used as our discount rate the rate describe above in the "Subsidies Valuation Information" section. We then summed the benefits received by POSCO during the POR from each of the

GOK's yearly investments over the period 1990–1991. We then divided the total benefit attributable to the POR by POSCO's total f.o.b. sales for the POR. On this basis, we preliminarily determine POSCO's net countervailable subsidy rate to be 0.01 percent *ad valorem* for the POR.

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

1. Provision of Land

As explained in the *Cold-Rolled Investigation*, the GOK's overall development plan is published every 10 years and describes the nationwide land development goals and plans for the balanced development of the country. Under these plans, the Ministry of Construction and Transportation (MOCAT) prepares and updates its Asan Bay Area Broad Development Plan. *See Cold-Rolled Investigation Memorandum*, at "Provision of Land at Asan Bay." The Korea Land Development Corporation (Koland) is a government investment corporation that is responsible for purchasing, developing, and selling land in the industrial sites. *Id.*

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

In the *Cold-Rolled Investigation*, we determined that the price discount and the adjustment of Dongbu's final payment to account for "interest earned" by the company on its pre-payments were countervailable subsidies. Specifically, the Department determined that they were specific under section 771(5A)(D)(iii)(I) of the Act, as they were limited to Dongbu. *Id.* Further, the Department found the price discount and the price adjustment for "interest earned" constituted financial contributions and conferred benefits under sections 771(5)(D)(i) and 771(5)(E) of the Act, respectively. *Id.*

Consistent with the *Cold-Rolled Investigation*, we have treated the land price discount and the interested earned refund as non-recurring subsidies. *Id.* In

accordance with 19 CFR 351.524(b)(2), because the grant amounts were more than 0.5 percent of the company's total sales in the year of receipt, we applied the Department's standard grant methodology, as described under 19 CFR 351.524(d)(1), and allocated the subsidies over a 15-year allocation period. *See* the "Average Useful Life" section, above. To calculate the benefit from these grants, we used as our discount rate the rates describe above in the "Subsidies Valuation Information" section. We then summed the benefits received by Dongbu during the POR. We calculated the net subsidy rate by dividing the total benefit attributable to the POR by Dongbu's total f.o.b. sales for the POR. On this basis, we determine a net countervailable subsidy rate for Dongbu of 0.22 percent *ad valorem* for the POR.

2. Exemption of Port Fees Under Harbor Act

Under the Harbor Act, companies are allowed to construct infrastructure facilities at Korean ports; however, these facilities must be deeded back to the government. Because the ownership of these facilities reverts to the government, the government compensates private parties for the construction of these infrastructure facilities. Because a company must transfer to the government its infrastructure investment, under the Harbor Act, the GOK grants the company free usage of the facility and the right to collect fees from other users of the facility for a limited period of time. Once a company has recovered its cost of constructing the infrastructure, the company must pay the same usage fees as other users of the infrastructure.

In the *Cold-Rolled Investigation*, the Department found that Dongbu received free use of harbor facilities at Asan Bay based upon both its construction of a port facility as well as a road that the company built from its plant to its port. The Department also determined that Dongbu received an exemption of harbor fees for a period of almost 70 years under this program. *See Cold-Rolled Decision Memorandum*, at "Dongbu's Excessive Exemptions under the Harbor Act." In the *Cold-Rolled Investigation*, the Department found the exemption from the fees to be a countervailable subsidy. No new information of changed circumstances, or comments from interested parties were presented in this review to warrant any reconsideration of the countervailability of this program. Thus, we preliminarily determine that the program is specific under section 771(5A)(D)(iii)(I) of the Act because the excessive exemption period of 70 years

is limited to Dongbu. Moreover, we preliminarily determine that the GOK is foregoing revenue that it would otherwise collect by allowing Dongbu to be exempt from port charges for up to 70 years and, thus, the program constitutes a financial contribution within the meaning of section 771(5)(D)(ii) of the Act. Further, we preliminarily determine that the exemptions confer a benefit under section 771(5)(E) of the Act. *Id.* No new information, evidence of changed circumstances, or comments from interested parties were presented in this review to warrant any reconsideration of the countervailability of this program. Thus, for purposes of these preliminary results, we continue to find this aspect of the program countervailable.

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

#### G. Short-Term Export Financing

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

In *Steel Products from Korea*, the Department determined that the GOK's short-term export financing program was countervailable. *See Steel Products from Korea*, 58 FR at 37350; *see also, Cold-Rolled Decision Memorandum*, at

"Short-term Export Financing." No new information, evidence of changed circumstances, or comments from interested parties were presented in this review to warrant any reconsideration of the countervailability of this program. Therefore, we continue to find this program countervailable. Specifically, we preliminarily determine that the program is specific, pursuant section 771(5A)(B), because receipt of the financing is contingent upon exporting. In addition, we preliminarily determine that the export financing constitutes a financial contribution in the form of a loan within the meaning of section 771(D)(i) of the Act and confers a benefit within the meaning of section 771(E)(ii) of the Act. POCOS, POSCO's affiliate, and Dongbu reported using short-term export financing during the POR.

Pursuant to 19 CFR 351.505(a)(1), to calculate the benefit under this program, we compared the amount of interest paid under the program to the amount of interest that would have been paid on a comparable, commercial loan. As our benchmark, we used the short-term interest rates discussed above in the "Subsidies Valuation Information" section. To calculate the net subsidy rate, we divided the benefit by the f.o.b. value of the respective company's total exports. On this basis, we determine the net subsidy rate for POSCO to be less than 0.005 percent *ad valorem* and 0.01 percent *ad valorem* for Dongbu.

## II. Program Preliminarily Determined Not to Confer a Benefit

### A. Reserve for Research and Manpower Development Fund Under RSTA Article 9 (Formerly Article 8 of TERCL)

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

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

In the *CTL Plate Investigation*, we determined that this program is specific under section 771(5A)(D) of the Act because the capital goods industry is allowed to claim a larger tax reserve under this program than all other manufacturers. *See CTL Plate Investigation*, 64 FR at 73181. We also determined that this program provides a financial contribution within the meaning of section 771(5)(D)(ii) of the Act in the form of revenue forgone and that it provides benefit under section 771(5)(E) of the Act to the extent that companies in the capital goods industry, which includes steel manufacturers, pay less in taxes than they would absent the program. *Id.* In the *Cold-Rolled Investigation*, we continued to find the program countervailable, but found that the company under review only contributed to the reserve at the lower three-percent rate. Therefore, we found no countervailable benefit because it is not specific as all industries and companies in Korea can establish a three-percent reserve. *See Cold-Rolled Decision Memorandum*, at "Programs Determined to be Not Used" (finding the countervailable aspect of this program to be not used). No new information, or evidence of changed circumstances, was presented in this review to warrant reconsideration of the approaches adopted in the *CTL Plate Investigation* and the *Cold-Rolled Investigation*.

In this administrative review, Dongbu, POSCO, and POCOS each reported contributing to the reserve at the three-percent rate during the POR. Dongbu also reported that it returned the remaining balance from the reserve. We continue to find this program to be potentially countervailable. However, as each company contributed to the reserve at the lower three-percent rate, and in light of the Department's approach in the *Cold-Rolled Investigation*, we preliminarily determine that no countervailable benefits were conferred under this program during the POR.

## III. Programs Preliminarily Determined To Be Not Used

- A. Reserve for Investment (Special Cases of Tax for Balanced Development Among Areas under TERCL Articles 41-45)
- B. Electricity Discounts under the Requested Loan Adjustment (RLA) Program
- C. Electricity Discounts under the Emergency Load Reductions (ELR) Program
- D. Export Industry Facility Loans (EIFL) and Specialty Facility Loans
- E. Reserve for Overseas Market

- Development under TERCL Article 17
- F. Equipment Investment to Promote Worker's Welfare under TERCL Article 88
- G. Emergency Load Reduction Program
- H. Local Tax Exemption on Land Outside of Metropolitan Area
- I. Excessive Duty Drawback
- J. Private Capital Inducement Act (PCIA)
- K. Social Indirect Capital Investment Reserve Funds (Art. 28)
- L. Energy-Savings Facilities Investment Reserve Funds (Art. 29)
- M. Scrap Reserve Fund
- N. Special Depreciation of Assets on Foreign Exchange Earnings
- O. Export Insurance Rates Provided by the Korean Export Insurance Corporation
- P. Loans from the National Agricultural Cooperation Federation
- Q. Tax Incentives for Highly-Advanced Technology Businesses under the Foreign Investment and Foreign Capital Inducement Act

#### IV. Program Preliminarily Determined To Be Not Countervailable

- A. Tax Credit for Improving Enterprise's Bill System under Article 7-2 of RSTA

During the POR, POSCO applied for a tax credit under this program. The GOK states that the program permits any company who uses a modern corporate billing/promissory note system to make payments for its purchases from small or medium enterprises to be eligible to claim a tax credit on its income taxes. The GOK provided the Department with the language of the regulation, which allows for three possible methods of payment: (a) issuing a bill of exchange or settling a request for collection of sale proceeds, (b) using an exclusive-use card for business purchase, or (c) using a loan system against security of credit sales claims. The tax credit is calculated as 0.3 percent of total amount paid pursuant to these methods described, but not exceeding 10 percent of a company's corporate income tax amount.

We preliminarily determine that the tax credit under Article 7-2 of RSTA is not *de jure* specific within the meaning of section 771(5A) of the Act because (1) it is not based on exportation; (2) it is not contingent on the use of domestic goods over imported goods; and (3) the legislation and/or regulations do not

expressly limit the access to the subsidy to an enterprise or industry, as a matter of law.

As the Department is preliminarily determining that the tax credit under Article 7-2 of RSTA is not *de jure* specific, it must then examine the program under section 771(5A)(D)(iii) of the Act. The Department will determine that the program is *de facto* specific if the Department finds that one or more of the following factors exist:

- (I) The actual recipients of the subsidy, whether considered on an enterprise or industry basis, are limited in number.
- (II) An enterprise or industry is a predominant user of the subsidy.
- (III) An enterprise or industry receives a disproportionately large amount of the subsidy.
- (IV) The manner in which the authority providing the subsidy has exercised discretion in the decision to grant the subsidy indicates that an enterprise or industry is favored over others.

Pursuant to section 771(5A)(D)(iii)(I) of the Act, the Department preliminarily finds that under the tax credit under Article 7-2 of RSTA, the actual recipients of the subsidy are not limited in number. *See* GOK's December 21, 2005, Submission at Exhibit B-1.

Sections 771(5A)(D)(iii)(II) and (III) of the Act direct the Department to examine whether an enterprise or an industry is a predominant user of the subsidy or receives a disproportionately large amount of the subsidy. There is nothing on the record to indicate that the steel industry received a greater monetary benefit from the program than did other participants or that the steel industry was a dominant user or received disproportionate benefits. Rather, the GOK states that the tax credit is widely available and can be used by any Korean company, regardless of industry and location, by claiming the tax credit on the tax return. *See* GOK's December 21, 2005, Submission, at 12.

Therefore, we preliminarily determine that the information on the record does not support a conclusion that the percentage of the benefits POSCO or the steel industry received were disproportionately high or that the company or the industry was a dominant user. Accordingly, we preliminarily find that the tax credit under Article 7-2 of RSTA is not *de facto* specific and is, therefore, not countervailable.

#### Preliminary Results of Review

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

individual subsidy rate for each of the producer/exporters subject to this administrative review. For the period January 1, 2004, through December 31, 2004, we preliminarily determine the net subsidy rate for POSCO to be 0.07 percent *ad valorem* and preliminarily determine the net subsidy rate for Dongbu to be 0.39 percent *ad valorem*, both of which are *de minimis*. *See* 19 CFR 351.106(c)(1).

If the final results of this review remain the same as these preliminary results, the Department will instruct U.S. Customs and Border Protection (CBP), within 15 days of publication of the final results, to liquidate shipments of corrosion-resistant carbon steel flat products entered, or withdrawn from warehouse, for consumption from January 1, 2004, through December 31, 2004, at the rates indicated above. Also, the Department will instruct CBP to require new cash deposit rates for estimated countervailing duties of 0.00 percent for all shipments of corrosion-resistant carbon steel flat products from POSCO and Dongbu, entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this administrative review.

We will instruct CBP to continue to collect cash deposits for non-reviewed companies at the most recent company-specific or country-wide rate applicable to the company. Accordingly, the cash deposit rates that will be applied to companies covered by this order, but not examined in this review, are those established in the most recently completed administrative proceeding for each company. These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested.

#### Public Comment

Pursuant to 19 CFR 351.224(b), the Department will disclose to parties to the proceeding any calculations performed in connection with these preliminary results within five days after the date of the public announcement of this notice. Pursuant to 19 CFR 351.309, interested parties may submit written comments in response to these preliminary results. Unless otherwise indicated by the Department, case briefs must be submitted within 30 days after the publication of these preliminary results. *See* 19 CFR 351.309 (c). Rebuttal briefs, which are limited to arguments raised in case briefs, must be submitted no later than five days after the time limit for filing case briefs, unless otherwise specified by the Department. *See* 19 CFR 351.309(d). Parties who submit

argument in this proceeding are requested to submit with the argument: (1) A statement of the issue, and (2) a brief summary of the argument. Parties submitting case and/or rebuttal briefs are requested to provide the Department copies of the public version on disk. Case and rebuttal briefs must be served on interested parties in accordance with 19 CFR 351.303(f). Also, pursuant to 19 CFR 351.310, within 30 days of the date of publication of this notice, interested parties may request a public hearing on arguments to be raised in the case and rebuttal briefs. Unless the Secretary specifies otherwise, the hearing, if requested, will be held two days after the date for submission of rebuttal briefs.

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

This administrative review is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.221(b)(4).

Dated: August 31, 2006.

**David M. Spooner,**

*Assistant Secretary for Import Administration.*

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**BILLING CODE 3510-DS-S**

## DEPARTMENT OF COMMERCE

### National Oceanic and Atmospheric Administration

[I.D. 083106C]

#### Endangered and Threatened Species: Recovery Plan Preparation for 5 Evolutionarily Significant Units (ESUs) of Pacific Salmon and 5 Distinct Population Segments (DPSs) of Steelhead Trout

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

**ACTION:** Notice of intent; request for information.

**SUMMARY:** NMFS announces its intent to develop recovery plans for 5 ESUs of Pacific salmon and 5 DPSs of steelhead trout in California that are listed as

threatened or endangered under the Endangered Species Act (ESA) and also requests information from the public. NMFS is required by the ESA to develop and implement recovery plans for the conservation and survival of ESA-listed species. NMFS is coordinating with state, Federal, tribal, and local entities in California and intends to produce draft recovery plans by June 2007.

**DATES:** All information must be received no later than 5 p.m. Pacific Daylight Time on November 13, 2006. Information received after the deadline will be used to the maximum extent practicable.

**ADDRESSES:** Information may be submitted by any of the following methods:

- E-mail: Information for recovery planning may be submitted by e-mail to *RecoveryInfo.swr@noaa.gov*. Please include in the subject line of the e-mail the identifier "Information for ESA Recovery Planning, Attention: (insert name of appropriate NMFS Recovery Coordinator)" and specify the recovery domain to which your information applies. Please refer to the list of recovery domains and recovery coordinators provided below in the **FOR FURTHER INFORMATION CONTACT** section to determine the appropriate NMFS Recovery Coordinator and recovery domain. If information pertaining to more than one recovery domain will be submitted, then a separate e-mail should be sent for each domain, using the appropriate subject line in each e-mail.

- Mail: Information may be submitted by mail to Assistant Regional Administrator, Protected Species Division, NMFS, Sacramento Area Office, 650 Capitol Mall, Suite 8-300, Sacramento, California, 95814-4706. Please identify information as "Information for ESA Recovery Planning" and specify the recovery domain(s) to which your information applies (see the **FOR FURTHER INFORMATION CONTACT** section, below, to determine the appropriate domain).

- Hand Delivery/Courier: You may hand deliver information or have information delivered by courier to NMFS, Sacramento Area Office, 650 Capitol Mall, Suite 8-300, Sacramento, California, 95814-4706. Business hours are 8 a.m. to 4:30 p.m., Monday through Friday, except Federal holidays. Please identify information as "Information for ESA Recovery Planning" and specify the recovery domain(s) to which your information applies (see the **FOR FURTHER INFORMATION CONTACT** section, below, to determine the appropriate domain).

- Fax: You may fax information to 916-930-3629. Please identify the fax comment as regarding "Information for Recovery Planning" and specify the recovery domain(s) to which your information applies (see the **FOR FURTHER INFORMATION CONTACT** section, below, to determine the appropriate domain).

#### **FOR FURTHER INFORMATION CONTACT:**

Please contact the recovery coordinator listed here for the geographic area or recovery domain in which you are interested. Additional salmon-related materials are available on the Southwest Region's Internet site: <http://www.swr.noaa.gov>.

Southern Oregon/Northern California Coast Domain: Recovery Coordinator Greg Bryant at 707-825-5162 or by email at *Greg.Bryant@noaa.gov*

North-Central California Coast Domain: Recovery Coordinator Charlotte Ambrose at 707-575-6068 or by email at *Charlotte.A.Ambrose@noaa.gov*

South-Central California Coast Domain: Recovery Coordinator Mark Capelli at 805-963-6478 or by email at *Mark.Capelli@noaa.gov*

Central Valley Domain: Recovery Coordinator Diane Windham at 916-930-3619 or by email at *Diane.Windham@noaa.gov*

#### **SUPPLEMENTARY INFORMATION:**

##### **Species Covered in This Notice**

There are 5 ESUs of salmon and 5 DPSs of steelhead trout listed as threatened or endangered species in California including:

Chinook Salmon (*Oncorhynchus tshawytscha*): Sacramento River Winter-run, Central Valley Spring-run, and California Coastal.

Coho Salmon (*Oncorhynchus kisutch*): Southern Oregon/Northern California Coast, and Central California Coast.

Steelhead Trout (*Oncorhynchus mykiss*): Northern California Coast, Central California Coast, South-Central California Coast, Southern California Coast, and California Central Valley.

##### **Background**

NMFS is charged with the recovery of Pacific salmon and steelhead species listed under the ESA. Recovery under the ESA means that listed species and their ecosystems are restored, and their future secured, so that the protections of the ESA are no longer necessary.

The ESA requires that NMFS develop and implement recovery plans for the conservation and survival of endangered and threatened species. These recovery plans provide blueprints to determine priority recovery actions for funding