

*Government of Yugoslavia Programs  
(Prior to July 1991)*

1. "Gains on Money": We will investigate whether the producer/exporter of subject merchandise received loans that were still outstanding during 1998, at negative real interest rates, or whether the producer/exporter had debt forgiven in order to prevent financial losses.

2. "Quasi-subsidies": We will investigate whether non-recurring subsidies were provided through the Yugoslavian system of income redistribution, which appears to be a complex system of inflationary accounting methods and involuntary transfers of funds between profitable and unprofitable enterprises.

*Government of the Former Yugoslav Republic of Macedonia Programs (After July 1991)*

1. Subsidies Provided to Enterprises That Are "Restructuring"

With respect to this allegation, we will investigate whether countervailable subsidies were provided to Makstil or Skopje Steel in conjunction with the government's economic restructuring and privatization program. Petitioners have also alleged that Makstil and Skopje Steel were unequityworthy and uncreditworthy. They have submitted sufficient information to provide a reasonable basis to believe or suspect that the companies were unequityworthy and uncreditworthy. Therefore, we will investigate whether the producer Makstil or the predecessor company Skopje Steel was unequityworthy from 1994 through 1998. In addition, we will investigate whether Skopje/Makstil was uncreditworthy during those years.

2. Export Subsidies From the Export-Import Bank

We will investigate whether countervailable benefits were provided by the Former Yugoslav Republic of Macedonia's newly developed Export-Import Bank in the form of: (1) Loans provided at subsidized rates; (2) rediscounted export loans; or (3) loan guarantees for export loans. With regard to export insurance, according to section 351.520(a)(1) of the Department's regulations, export insurance confers a benefit, "if the premium rates charged are inadequate to cover the long-term operating costs and losses of the program." The petition provides no information to indicate that the rates may be insufficient to cover long-term operating costs and losses. Therefore, we will not investigate this subsidy allegation.

We are also not including in our investigation the following programs alleged to be benefitting producers and exporters of the subject merchandise in the Former Yugoslav Republic of Macedonia:

1. "Formal Subsidies"

Petitioners allege that formal subsidies, *i.e.*, direct grants from the Government of Yugoslavia given to companies to "prevent or lessen financial losses" continue to confer benefits in the POI. Petitioners rely solely on a World Bank study as evidence of these direct subsidy programs. However, the same World Bank study specifically states that there was a "virtual absence of direct government subsidies to firms" and that "such subsidies have been virtually nonexistent in the Yugoslav economy for more than two decades." In addition, this World Bank study indicates that no "formal subsidies" were provided to the Macedonian region. Because the information submitted by petitioner does not support their allegation that direct subsidies were conferred by the Government of Yugoslavia, we are not initiating an investigation of this program.

2. The National Bank's Division for Export and Export Stimulation

The petitioners allege that producers and exporters may be receiving export-based benefits from the National Bank of the Republic of Macedonia Division for Export and Export Stimulation. Because petitioners provided no information to indicate that this division of the National Bank provides subsidies, we are not initiating an investigation of this program.

*Distribution of Copies of the Petition*

In accordance with section 702(b)(4)(A)(i) of the Act, copies of the public version of the petition have been provided to representatives of the Former Yugoslav Republic of Macedonia. We will attempt to provide copies of the public version of the petition to all of the exporters named in the petition, as provided for under § 351.203(c)(2) of the Department's regulations.

*ITC Notification*

Pursuant to section 702(d) of the Act, we have notified the ITC of this initiation. However, according to section 701(c) of the Act, the ITC will not make an injury determination with respect to the Former Yugoslav Republic of Macedonia.

This notice is published pursuant to section 777(i) of the Act.

Dated: March 8, 1999.

**Robert S. LaRussa,**

*Assistant Secretary for Import Administration.*

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**DEPARTMENT OF COMMERCE**

**International Trade Administration**

[C-427-817, C-533-818, C-560-806, C-475-827, C-580-837]

**Notice of Initiation of Countervailing Duty Investigations: Certain Cut-To-Length Carbon-Quality Steel Plate From France, India, Indonesia, Italy, and the Republic of Korea**

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

**EFFECTIVE DATE:** March 16, 1999.

**FOR FURTHER INFORMATION CONTACT:** Eric Greynolds (France), at (202) 482-6071; Robert Copyak (India), at (202) 482-2209; Kathleen Lockard (Indonesia), at (202) 482-1168; Kristen Johnson (Italy), at (202) 482-4406; and Stephanie Moore (Republic of Korea), at (202) 482-3692, Import Administration, U.S. Department of Commerce, Room 1870, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

**Initiation of Investigations**

*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 (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR part 351 (1998) and to the substantive countervailing duty regulations published in the **Federal Register** on November 25, 1998 (63 FR 65348).

*The Petitions*

On February 16, 1999, the Department of Commerce (the Department) received petitions filed in proper form on behalf of U.S. Steel Group, a Unit of USX Corporation, Bethlehem Steel Corporation, Gulf States, Inc., IPSCO Steel Inc., Tuscaloosa Steel Corporation, and the United Steelworkers of America (the petitioners). Tuscaloosa Steel Corporation is not a petitioner to the countervailing duty investigations involving France and Italy. Supplements to the petitions were filed

on February 22, 24, 25, 26, March 2, and 4, 1999.

In accordance with section 702(b)(1) of the Act, petitioners allege that manufacturers, producers, or exporters of certain cut-to-length carbon-quality steel plate (CTL plate or subject merchandise) in France, India, Indonesia, Italy, and Republic of Korea (Korea) receive countervailable subsidies within the meaning of section 701 of the Act.

The Department finds that petitioners filed the petitions on behalf of the domestic industry because they are interested parties as defined under sections 771(9)(C) and (D) of the Act. The petitioners have demonstrated sufficient industry support with respect to each of the countervailing duty investigations, which they are requesting the Department to initiate (*see Determination of Industry Support for the Petitions* below).

#### *Scope of the Investigations*

The products covered by this scope are certain hot-rolled carbon-quality steel: (1) Universal mill plates (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm, and of a nominal or actual thickness of not less than 4 mm, which are cut-to-length (not in coils) and without patterns in relief, of iron or non-alloy-quality steel; and (2) flat-rolled products, hot-rolled, of a nominal or actual thickness of 4.75 mm or more and of a width which exceeds 150 mm and measures at least twice the thickness, and which are cut-to-length (not in coils).

Steel products to be included in this scope are of rectangular, square, circular or other shape and of rectangular or non-rectangular cross-section where such non-rectangular cross-section is achieved subsequent to the rolling process (*i.e.*, products which have been "worked after rolling")—for example, products which have been beveled or rounded at the edges. Steel products that meet the noted physical characteristics that are painted, varnished or coated with plastic or other non-metallic substances are included within this scope. Also, specifically included in this scope are high strength, low alloy (HSLA) steels. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum.

Steel products to be included in this scope, regardless of Harmonized Tariff Schedule of the United States (HTSUS) definitions, are products in which: (1) Iron predominates, by weight, over each

of the other contained elements, (2) the carbon content is two percent or less, by weight, and (3) none of the elements listed below is equal to or exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or  
1.50 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, or  
0.41 percent of titanium, or  
0.15 percent of vanadium, or  
0.15 percent zirconium.

All products that meet the written physical description, and in which the chemistry quantities do not equal or exceed any one of the levels listed above, are within the scope of these investigations unless otherwise specifically excluded. The following products are specifically excluded from these investigations: (1) Products clad, plated, or coated with metal, whether or not painted, varnished or coated with plastic or other non-metallic substances; (2) SAE grades (formerly AISI grades) of series 2300 and above; (3) products made to ASTM A710 and A736 or their proprietary equivalents; (4) abrasion-resistant steels (*i.e.*, USS AR 400, USS AR 500); (5) products made to ASTM A202, A225, A514 grade S, A517 grade S, or their proprietary equivalents; (6) ball bearing steels; (7) tool steels; and (8) silicon manganese steel or silicon electric steel.

The merchandise subject to these investigations is classified in the HTSUS under subheadings: 7208.40.3030, 7208.40.3060, 7208.51.0030, 7208.51.0045, 7208.51.0060, 7208.52.0000, 7208.53.0000, 7208.90.0000, 7210.70.3000, 7210.90.9000, 7211.13.0000, 7211.14.0030, 7211.14.0045, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7225.40.3050, 7225.40.7000, 7225.50.6000, 7225.99.0090, 7226.91.5000, 7226.91.7000, 7226.91.8000, 7226.99.0000.

Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise under investigation is dispositive.

During our review of the petitions, we discussed the scope with the petitioners to ensure that the scope in the petitions accurately reflects the merchandise for

which the domestic industry is seeking relief. Moreover, as we discussed in the preamble to the Department's regulations (62 FR at 27323), we are setting aside a period for parties to raise issues regarding product coverage. In particular, we seek comments on the specific levels of alloying elements set out in the description above, the clarity of grades and specifications excluded from the scope, and the physical and chemical description of the product coverage. The Department encourages all parties to submit such comments by March 29, 1999. Comments should be addressed to Import Administration's Central Records Unit at Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC. 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determinations.

#### *Consultations*

Pursuant to section 702(b)(4)(A)(ii) of the Act, the Department invited representatives of the relevant foreign governments for consultations with respect to the petitions filed. On February 26, 1999, the Department held consultations with representatives of the governments of France, Italy, and the Delegation of the European Commission (EC). On March 2, 1999, consultations were held with representatives of the government of India. On March 8, 1999, consultations were held with representatives of the government of Indonesia. *See* the March 8, 1999, memoranda to the file regarding these consultations (public documents on file in the Central Records Unit of the Department of Commerce, Room B-099).

#### **Determination of Industry Support for the Petitions**

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. Thus, to determine whether the petition has the

requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.<sup>1</sup>

Section 771(10) of the Act defines domestic like product as "a product that is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition. Moreover, the petitioners do not offer a definition of domestic like product distinct from the scope of the investigations.

In this case, "the article subject to investigation" includes certain products which have not previously been included within the scope of investigations involving cut-to-length carbon steel products. To this end, the Department has reviewed reasonably available information to determine whether the products within the scope of the investigations constitute one or more than one domestic like product(s).

Some steel products classified as alloy steels based on the HTSUS are recognized as carbon steels by the industry and/or the marketplace. For example, *The Book of Steel*, a 1996 publication by Sollac, a flat-rolled steel division of Usinor, one of the largest steel companies in the world, identifies HSLA as falling within categories of plain carbon sheet steels (see chapter 44). Also, *Carbon and Alloy Steels*, published in 1996 by ASM

International, a major materials society, indicates that HSLA steels are not considered to be alloy steels, but are in fact similar to as-rolled mild-carbon steel and are generally priced by reference to the base price for carbon steels (see page 29). *Carbon and Alloy Steels* also distinguishes between carbon-boron and alloy-boron steels; the former may contain boron at levels which would classify it as alloy under the HTSUS, but would not classify it as an alloy steel commercially because, unlike the alloy-boron steels, higher levels of other alloying elements are not specified (see, *e.g.*, pages 159 and 161).

The Department has considered that, with respect to certain steel products, such as HSLA, the petitioners indicate that these steel products are manufactured by similar processes, are priced from similar bases, are marketed in comparable ways, and are used for similar applications as carbon steels.

Further, we confirmed this description with product experts at the Department and the ITC. Other than the fact that the AISI technically defines alloy steels based on alloy levels comparable to those in the HTSUS, none of the individuals cited reasons why the products in question might be treated as distinct from cut-to-length carbon steels. For these reasons, the Department determines that for purposes of these investigations, the domestic like product definition is the single domestic like product defined in the "Scope of the Investigations" section above.

Based on our analysis of the information and arguments presented to the Department and the information independently obtained and reviewed by the Department, we have determined that there is a single domestic like product which is defined in the "Scope of Investigations" section above. Moreover, the Department has determined that the petitions (and subsequent amendments to the petitions) and supplemental information obtained through Department research contain adequate evidence of industry support and, therefore, polling is unnecessary. The Department received no opposition to the petitions. For all countries, the petitioners established industry support representing over 50 percent of total production of the domestic like product.

Therefore, for these investigations, petitioners have established a level of support for the petitions commensurate with the statutory requirements. Accordingly, the Department determines that the petitions were filed on behalf of the domestic industry within the meaning of section 702(b)(1)

of the Act. See the March 8, 1999, memoranda to the file (for each country) regarding the initiation of each investigation (public documents on file in the Central Records Unit of the Department of Commerce, Room B-099).

### *Injury Test*

Because France, India, Indonesia, Italy, and Korea are "Subsidies Agreement Countries" within the meaning of section 701(b) of the Act, section 701(a)(2) applies to these investigations. Accordingly, the ITC must determine whether imports of the subject merchandise from these countries materially injure, or threaten material injury to, a U.S. industry.

### *Allegations and Evidence of Material Injury and Causation*

The petitions allege that the U.S. industry producing the domestic like product is being materially injured, and is threatened with material injury, by reason of the individual and cumulated subsidized imports of the subject merchandise. Petitioners explained that the industry's injured condition is evident in the declining trends in net operating profits, net sales volumes, profit-to-sales ratios, and capacity utilization. The allegations of injury and causation are supported by relevant evidence including business proprietary data from the petitioning firms and U.S. Customs import data. The Department assessed the allegations and supporting evidence regarding material injury and causation, and determined that these allegations are supported by accurate and adequate evidence and meet the statutory requirements for initiation. See the March 8, 1999, memoranda to the file (for each country) regarding the initiation of each investigation (public documents on file in the Central Records Unit of the Department of Commerce, Room B-099).

### *Allegations of Subsidies*

Section 702(b) of the Act requires the Department to initiate a countervailing duty proceeding whenever an interested party files a petition, on behalf of an industry, that (1) alleges the elements necessary for an imposition of a duty under section 701(a), and (2) is accompanied by information reasonably available to petitioners supporting the allegations.

### *Initiation of Countervailing Duty Investigations*

The Department has examined the petitions on CTL plate from France, India, Indonesia, Italy, and Korea and found that they comply with the

<sup>1</sup> See *Algoma Steel Corp., Ltd. v. United States*, 688 F. Supp. 639, 642-44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass Therefor from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition*, 56 FR 32376, 32380-81 (July 16, 1991).

requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating countervailing duty investigations to determine whether manufacturers, producers, or exporters of CTL plate from these countries receive subsidies. See the March 8, 1999, memoranda to the file (for each country) regarding the initiation of each investigation (public documents on file in the Central Records Unit of the Department of Commerce, Room B-099).

#### A. France

We are including in our investigation the following programs alleged in the petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in France:

##### Government of France Programs

1. 1986 Write-off of Steel Amortization Fund Debts (PACs)
2. 1986 Write-off of Steel Intervention Fund (FIS) Bonds
3. 1988 Write-off of Steel Intervention Fund (FIS) Bonds
4. 1986 Write-off of Shareholder's Advances
5. 1994 Purchase of Power Plant for Excessive Remuneration
6. Investment Operating Subsidies
7. Soft Loans from Credit Lyonnais
8. Grants for Funding of Myosotis Project
9. Advances for Electric Arc Furnace Technology
10. Caisse Francaise de Developpement Industriel (CFDI) Loans
11. Shareholder Guarantees
12. Subsidies Provided Directly to GTS Industries

##### European Commission Programs

1. ECSC Loans under Article 54
  2. ECSC Article 56 Funding
  3. European Regional Development Fund
  4. Resider and Resider II
  5. European Social Fund
- Petitioners allege that Usinor was uncreditworthy in each year 1980 through 1995. In the *Final Affirmative Countervailing Duty Determination: Certain Steel Products from France*, 58 FR 37304 (July 9, 1993) (*Certain Steel 1993*), Usinor was found uncreditworthy in years 1982 through 1988, and creditworthy 1989 through 1991. Petitioners provided sufficient information to believe or suspect that Usinor was uncreditworthy in years 1992 through 1995. Thus for the years 1982 through 1988, and 1992 through 1995, we will investigate whether Usinor was uncreditworthy in the years

in which petitioners have alleged non-recurring countervailable subsidies.

We are not including in our investigation the following programs alleged to be benefitting producers and exporters of the subject merchandise in France:

#### 1. 1991 Infusion Via Credit Lyonnais

In 1991, the state-owned Credit Lyonnais (CL) purchased a 20 percent share of Usinor for FF 2.5 billion. In (*Certain Steel 1993*) and the *Final Affirmative Countervailing Duty Determination: Certain Hot Rolled Lead and Bismuth Carbon Steel Products from France*, 58 FR 6221 (January 27, 1993) (*Lead and Bismuth*), the Department determined that Usinor was equityworthy and found the investment not countervailable. The Department determined not to initiate in the *Notice of Initiation of Countervailing Duty Investigations: Stainless Steel Sheet and Strip in Coils From France, Italy, and the Republic of Korea*, 63 FR 37539 (July 13, 1998) (*Stainless Steel*). Although petitioners claim to submit new information on this program, the information is the same as submitted in *Stainless Steel*. Petitioners also argue that the holding in *Aimcor Alabama v. United States*, 871 F. Supp. 447 (CIT 1994), which is incorporated into the new CVD regulations, compels us to initiate on this program. Though *Stainless Steel* preceded the new regulations, *Aimcor* was considered when we declined to initiate. Therefore, we are not including this program in our investigation.

#### 2. 1991 PACs Write-Off

In 1991, Usinor converted FF 2.8 billion of PAC liabilities into common stock held by the Government of France (GOF). Petitioners allege that this constituted a countervailable benefit in the form of debt forgiveness. In *Certain Steel 1993* and *Lead and Bismuth*, we determined that this transaction was a debt-to-equity swap, and because we found Usinor equityworthy in 1991, this program was not countervailable. Thus, we declined to initiate in *Stainless Steel*. Again, petitioners contest the 1991 equityworthy finding but, aside from citing press reports of the poor financial state of Usinor at the time, they do not supply sufficient new information or evidence of changed circumstances to warrant reinvestigating this program. Therefore, we are not including this program in our investigation.

#### 3. 1995 Capital Infusion

Petitioners allege that the GOF forewent revenue otherwise due when it

allowed Usinor to keep FF 5 billion resulting from the issuance of additional Usinor shares to private investors prior to its partial privatization. Petitioners argue that, at the time of the sale, Usinor was 100 percent government-owned and, therefore, all of the revenue resulting from the sale should have remained with the GOF. Petitioners argue that this sale constituted a financial contribution in the form of a direct cash grant or failure to collect revenue otherwise due in which the purchase by Stable Shareholders (*i.e.* the GOF) of shares at about the same time played a meaningful, but ancillary, role in the private investors' decision to purchase Usinor shares. Petitioners further argue that, in the event that the Department does not deem this program to be a grant, it can be viewed as an infusion by private parties acting at the behest of the GOF at a time when Usinor was unequityworthy. In *Stainless Steel*, we declined to initiate on these purchases of Usinor shares by the Stable Shareholders. No new information has been provided in this petition to warrant a reexamination of our decision not to initiate in *Stainless Steel*. Therefore, we are not including this program in our investigation.

#### 4. GOF Advances for SODIs

Regional development subsidiaries (SODIs) were established by Usinor and Sacilor in 1983, to assist in the retraining of laid-off personnel. Petitioners allege that the SODI advances to Usinor from 1991 through 1994 are countervailable. In *Certain Steel 1993*, we determined that the program was not tied to steel production and that it did not relieve Usinor of any obligations that it would otherwise incur with respect to the retraining of laid-off personnel and thus, it was not countervailable. As new evidence, petitioners cite to the 1997 European Union (EU) notification to the WTO of the SODI program for 1995, claiming that it represents the EU's confirmation that SODI constitutes a subsidy program under the SCM agreement. However, we note that the EU's report to the WTO states that none of the GOF's SODI advances went to Usinor. Therefore, we are not including this program in our investigation.

#### 5. 1987 through 1990 Write-off of Shareholder's Advances

Petitioners allege that Usinor received additional shareholder advances during the years 1987 through 1990. They further allege that these advances were written off in 1991, and thus constitute countervailable debt forgiveness. We note that this allegation is the same as

the allegation under the GOF Advances for SODIs program (discussed above) and that these two allegations concern the same program; petitioners own source documentation indicates that these two programs are, in fact, one program. Furthermore, in the *Preliminary Affirmative Countervailing Duty Determination: Certain Steel Products from France and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determinations: Certain Steel Products from France*, (57 FR 57785) (December 7, 1992), the Department referred to this program as Shareholder Advances After 1986 and classified it as a program for which more information was needed. In *Certain Steel 1993*, this program was determined to be not countervailable under the name Regional Development Subsidiaries (SODIs). Therefore, we are not including this program in our investigation.

#### 6. Credit National Loans

Petitioners allege that the GOF's Credit National (CN) selectively funnels subsidized loans to the steel industry, and that any CN loans outstanding during the POI are countervailable. In *Certain Steel 1993*, we found that the loans were not provided on either a *de jure* or *de facto* specific basis. Petitioners claim that new evidence indicates that CN loan terms vary depending on the recipient and thus, we should investigate whether Usinor or the French steel industry received subsidized loans on a specific basis. The information that petitioners have submitted is not sufficient to revisit the Department's previous determination on this program because it does not indicate that CN offered subsidized loans to the steel industry on a specific basis. Therefore, we are not including this program in our investigation.

#### 7. Fonds de Developpement Economique et Social (FDES) Loans

Petitioners allege that in 1991, Usinor received subsidized loans from the GOF under the FDES program. In *Certain Steel 1993*, the Department found that, although the loans were specifically provided to the steel industry, after comparing interest actually paid to interest that would have been paid at the benchmark interest rate, the 1991 loans conferred no benefit. Thus, we declined to initiate in *Stainless Steel*. Petitioners provide no new information or evidence of changed circumstances indicating that Usinor has obtained any new loans or to prompt a reexamination of the loans and benchmark from the previous investigation.

### B. India

We are including in our investigation the following programs alleged in the petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in India:

1. *Passbook Scheme*
2. *Duty Entitlement Passbook Scheme*
3. *Import Licenses*
  - a. Advance Licenses
  - b. Advanced Intermediate Licenses
  - c. Special Imprest Licenses
4. *Special Import Licenses*
  - a. Special Import License for Quality
  - b. Special Import License for Star Trading Houses
5. *Export Promotion Capital Goods Scheme*
6. *Pre-shipment and Post-shipment Export Financing*
7. *Government of India (GOI) Loans through the Steel Development Fund*
8. *Loan Guarantees from the GOI*
9. *Tax Exemption for Export Profits*

We are not including in our investigation the following program alleged to be benefitting producers and exporters of the subject merchandise in India:

#### *Possible Conversion of Steel Development Fund Loans into Equity in the Steel Authority of India Limited (SAIL)*

The petition contains a news article dated December 1998, which indicates that India's steel ministry favors a proposal by SAIL to convert SAIL's Steel Development Fund loans into equity. The petition does not contain information as to whether such an agreement has been finalized. Absent information that any agreement occurred during the period of investigation (1998), this is not an issue for purposes of this investigation.

### C. Indonesia

We are including in our investigation the following programs alleged in the petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in Indonesia:

1. *Bank of Indonesia Rediscount Loans*
2. *Corporate Income Tax Holidays*
3. *Reduction in Electricity Tariffs*
4. *1995 Equity Infusion into Krakatau*

We are also investigating whether Krakatau was uncreditworthy in 1995, the year in which the company received the alleged equity infusion.

### D. Italy

We are including in our investigation the following programs alleged in the

petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in Italy:

#### *Government of Italy Programs*

1. *Equity Infusions into Italsider/Nuova Italsider*
2. *Equity Infusions into ILVA*
3. *Debt Forgiveness in Connection with the 1981 Restructuring Plan*
4. *Debt Forgiveness in Connection with the 1988 Restructuring Plan*
5. *Debt Forgiveness Given in the Course of Privatization in Connection with the 1993-1994 Restructuring Plan*
6. *Additional Debt Forgiveness in Course of Privatization*
7. *Unpaid Portion of Payment Price for ILP*
8. *Grants to ILVA*
9. *Working Capital Grants to ILVA in 1993*
10. *Grants to ILVA to Cover Closure and Liquidation Expenses as Part of the 1993-1994 Privatization Plan*
11. *Grants to Riva/ILP*
12. *Interest Grants for "Indirect Debts" under Law 750/81*
13. *Lending from the Ministry of Industry under Law 675/77*
14. *Loans with Interest Contributions under Law 675/77*
15. *Capital Grants to Nuova Italsider under Law 675/77*
16. *Personnel Retraining under Law 675/77*
17. *VAT Reductions under Law 675/77*
18. *Closure Payments under Law 481/94 and its Predecessor Law*
19. *Closure Grants under Laws 46 and 706*
20. *Early Retirement Benefits*
21. *Decree Law 120/89*

#### *Regional Programs*

22. *Capital Grants*
23. *Law 488/92*
24. *Law 341/95 Tax Concessions*
25. *Exemptions from Taxes*
26. *Interest Rate Reductions under Law 902*
27. *Interest Contributions under the Sabatini Law*
28. *Urban Redevelopment Packages under Law 181/89*
29. *Exchange Rate Guarantees under Law 796/76*
30. *Export Marketing Grants under Law 394/81*

#### *European Commission Programs*

1. *ECSC Loans under Article 54*
2. *Interest Rebates on ECSC Article 54 Loans*
3. *ECSC Conversion Loans, Interest Rebates, Restructuring Grants, and Traditional and Social Aid under Article 56*

4. *ERDF Aid*
5. *Resider and Resider II*
6. *European Social Fund*

We are also investigating whether ILVA/ILP and their predecessor companies were uncreditworthy in the years 1977 through 1994. In the *Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Italy*, 58 FR 37327 (July 9, 1993), (*Certain Steel from Italy*), we found that ILVA and its corporate predecessors were uncreditworthy in each year 1977 through 1991. In the *Final Affirmative Countervailing Duty Determination: Grain-Oriented Electrical Steel From Italy*, 59 FR 18357 (April 18, 1994), (*Electrical Steel*), we found that ILVA and its corporate predecessors were uncreditworthy in each year 1978 through 1992. In the *Final Affirmative Countervailing Duty Determination: Certain Stainless Steel Wire Rod from Italy*, 63 FR 40,474 (July 29, 1998), (*Wire Rod*), we found that ILVA and its corporate predecessors were uncreditworthy in each year 1985 through 1993. Thus, for the years 1977 through 1994, we will investigate whether the companies were uncreditworthy in the years in which petitioners have alleged non-recurring countervailable subsidies.

We are not including in our investigation the following program alleged to be benefitting producers and exporters of the subject merchandise in Italy:

#### *Social Security Exemptions*

Petitioners allege that employers in the southern Mezzogiorno region were entitled to a full or partial exemption from social security contributions for workers that represented an addition to the company's labor force. Petitioners provide documentation that producers of the subject merchandise had their eligibility for the program suspended in 1986. Petitioners also point out that social security benefits were to be phased out by December 1997. In *Certain Steel Italy*, we treated social security exemptions as non-recurring benefits. However, in the *Final Affirmative Countervailing Duty Determination: Certain Pasta from Italy*, 61 FR 30288, 30293 (June 14, 1996) (*Pasta*), a subsequent determination to *Certain Steel Italy*, we determined that social security exemptions are recurring benefits. Because our methodology treats these benefits as recurring, along with the fact that producers of the subject merchandise had their eligibility for the program suspended in 1986, and these benefits were to be phased out before the period of investigation (1998) began, no benefit to producers of the

subject merchandise would have been conferred during the period of investigation. Therefore, we are not including this program in our investigation.

#### **E. Korea**

We are including in our investigation the following programs alleged in the petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in Korea:

1. *POSCO's Two-Tiered Pricing Structure to Domestic Customers*
2. *GOK Directed Credit Programs*
  - a. Pre-1992 Directed Credit
  - b. Post-1991 Directed Credit
3. *Private Capital Investment Act (PCIA)*
4. *Kwangyang Bay*
  - a. GOK Infrastructure Investments at Kwangyang Bay Pre-1992
  - b. GOK Infrastructure Investments at Kwangyang Bay Post-1991
5. *Tax Programs Under the Tax Reduction and Exemption Control Act (TERCL)*
  - a. Technical Development Reserve Funds (Article 8)
  - b. Tax Credit for Technology and Manpower Development Expenses (Article 9)
  - c. Tax Credit for Investment in Equipment to Develop Technology and Manpower/Investment Tax Credit (Article 10)
  - d. Tax Credits for Vocational Training (Article 18)
  - e. Tax Credit for Investment in Productivity Improvement Facilities (Article 25)
  - f. Tax Credits for Investment in Specific Facilities (Article 26)
  - g. Tax Credits for Temporary Investments (Article 27)
  - h. Tax Credits for Specific Investments (Article 71)
  - i. Reserve for Export Loss (Article 16)
  - j. Reserve for Overseas Market Development (Article 17)
  - k. Exemption of Corporation Tax on Dividend Income from Overseas Resources Development Investment (Article 24)
  - l. Social Indirect Capital Investment Reserve Funds (Article 28)
  - m. Energy-Saving Facilities Investment Reserve Funds (Article 29)
  - n. Mining Investment Reserve Funds (Article 95)
6. *Asset Revaluation Pursuant to TERCL Article 56(2)*
7. *Special Cases of Tax for Balanced Development among Areas (TERCL Articles 41, 42, 43, 44, and 45)*
8. *Industry Promotion and Research and Development Subsidies*
  - a. Promotion Fund for Science and

- Technology
- b. Highly Advanced National Project Fund
- c. Steel Campaign for the 21st Century
9. *Overseas Resource Development (Loans and Grants) Programs*
10. *Free Trade Zones (FTZs) at Pusan and Kwangyang*
11. *Excessive Duty Drawback*
12. *Dockyard Fees (Port Facility Fees)*
13. *Preferential Utility Rates*
14. *Scrap Reserve Fund*
15. *Export Insurance Rates By The Korean Export Insurance Corporation*
16. *Short-Term Export Financing*
17. *Korean Export-Import Bank Loans*
18. *Export Industry Facility Loans (EIFL) and Specialty Facility Loans*
19. *Loans from the Energy Savings Fund*

We are not including in our investigation the following programs alleged to be benefitting producers and exporters of the subject merchandise in Korea:

1. *Infrastructure at Asan Bay and Regional Tax Subsidies for Industries Located at Asan Bay*

Petitioners allege that the GOK is providing various infrastructure benefits to steel companies that relocate to Asan Bay, and that Dongkuk Steel Mill Co., Ltd. (Dongkuk Steel), a producer/exporter of the subject merchandise, is reportedly relocating to Asan Bay. In addition, petitioners allege that companies located in the Posung Industrial Complex located in Asan Bay are eligible for numerous tax subsidies. Petitioners cite a July 1998 report which states that Asan Bay "is now emerging as Korea's steel mecca" attracting companies such as Dongkuk Steel. However, press reports submitted in the petition, state that Dongkuk Steel shut down its plant in Pusan in December 1998, and plans to shift production to its Pohang and Incheon plants. Thus, the information provided in the petition does not indicate that Dongkuk Steel has moved, built or shifted production facilities to Asan Bay. Therefore, we are not initiating an investigation on programs specifically related to Asan Bay.

2. *Overseas Investment Loss Reserve Funds (Article 23)*

Petitioners note that Article 23 permits a company to include the reserve for overseas business losses in the general losses in the current taxable year. Petitioners allege that this program is an export incentive, as the amount of the allowable loss is limited to a set percentage of foreign exchange receipts from overseas business. In the *Final Affirmative Countervailing Duty*

*Determinations and Final Negative Critical Circumstances Determinations: Certain Steel Products from Korea*, 58 FR 37338 (July 9, 1993), the Department determined that this program was not countervailable. Petitioners have not provided any new information or evidence of changed circumstances that warrants reconsideration of that final determination. Therefore, we are not initiating an investigation on this program.

### 3. Industry Promotion and Research and Development Subsidies

a. Environmental Engineering and Technology Development.

b. Industrial Development Fund.  
Petitioners allege that POSCO and Dongkuk Steel are benefitting from industrial promotion funds and research and development subsidies. Petitioners' allegations regarding these two programs are based on the importance of the steel industry to the Korean economy, rather than on information regarding the eligibility criteria or usage of these two programs. The information provided in the petition does not indicate that the programs are *de jure* or *de facto* specific to the steel sector. Therefore, we are not initiating an investigation on these programs.

### 4. Special Depreciation for Energy Saving and Productivity Promotion

Petitioners state that this program allows Korean exporters to claim a special depreciation charge for energy-savings facilities. Petitioners state that POSCO's 1994 SEC Prospectus recorded "special depreciation charges" for energy-saving and productivity promotion facilities and equipment. Note (4) of POSCO's 1994 SEC Prospectus specifically states that pursuant to a change in Korean GAAP (General Accounting Principles), "special depreciation will no longer be allowed for financial reporting purposes, commencing in 1994." Moreover, petitioners have not provided any evidence indicating POSCO took special depreciation after 1993. Therefore, we are not investigating this program.

### 5. Tax Credit for Equipment Investment to Promote Workers' Welfare—Article 88 (Article 72–2 and 90, prior to 1995)

Petitioners allege that Korean steel producers are benefitting from several tax programs, including Articles 72–2 and 90. In support of their allegation, petitioners note that in the 1997 *Stainless Steel Plate* verification report for POSCO dated January 27, 1999, the Department reported that POSCO used tax credits under Articles 72–2 and 90.

However, the Department has not previously found these articles to be countervailable. Furthermore, petitioners did not make any allegations regarding the specificity of these articles, nor did they provide any supporting information. Therefore, we are not initiating an investigation on this program.

### Distribution of Copies of the Petitions

In accordance with section 702(b)(4)(A)(i) of the Act, copies of the public version of the petition have been provided to the representatives of France, India, Indonesia, Italy, and Korea. We will attempt to provide copies of the public version of the petition to all the exporters named in the petition, as provided for under § 351.203(c)(2) of the Department's regulations.

### ITC Notification

Pursuant to section 702(d) of the Act, we have notified the ITC of these initiations.

### Preliminary Determination by the ITC

The ITC will determine by April 2, 1999, whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports of certain cut-to-length carbon-quality steel plate from France, India, Indonesia, Italy, and Korea. A negative ITC determination for any country will result in the investigation being terminated with respect to that country; otherwise, the investigations will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 777(i) of the Act.

Dated: March 8, 1999.

**Robert S. LaRussa,**  
*Assistant Secretary for Import Administration.*

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BILLING CODE 3510–DS–P

## DEPARTMENT OF COMMERCE

### International Trade Administration

#### Export Trade Certificate of Review

**ACTION:** Notice of Application to Amend Certificate.

**SUMMARY:** The Office of Export Trading Company Affairs ("OETCA"), International Trade Administration, Department of Commerce, has received an application to amend an Export Trade Certificate of Review. This notice summarizes the proposed amendment and requests comments relevant to

whether the amended Certificate should be issued.

**FOR FURTHER INFORMATION CONTACT:** Morton Schnabel, Director, Office of Export Trading Company Affairs, International Trade Administration, (202) 482–5131. This is not a toll-free number.

**SUPPLEMENTARY INFORMATION:** Title III of the Export Trading Company Act of 1982 (15 U.S.C. 4001–21) authorizes the Secretary of Commerce to issue Export Trade Certificates of Review. A Certificate of Review protects the holder and the members identified in the Certificate from state and federal government antitrust actions and from private, treble damage antitrust actions for the export conduct specified in the Certificate and carried out in compliance with its terms and conditions. Section 302(b)(1) of the Act and 15 CFR 325.6(a) require the Secretary to publish a notice in the **Federal Register** identifying the applicant and summarizing its proposed export conduct.

#### Request for Public Comments

Interested parties may submit written comments relevant to the determination whether an amended Certificate should be issued. If the comments include any privileged or confidential business information, it must be clearly marked and a nonconfidential version of the comments (identified as such) should be included. Any comments not marked privileged or confidential business information will be deemed to be nonconfidential. An original and five copies, plus two copies of the nonconfidential version, should be submitted no later than 20 days after the date of this notice to: Office of Export Trading Company Affairs, International Trade Administration, Department of Commerce, Room 1104, Washington, DC 20230. Business confidential information submitted by any person is exempt from disclosure under the Freedom of Information Act (5 U.S.C. 552). However, nonconfidential versions of the comments will be made available to the applicant if necessary for determining whether or not to issue the Certificate. Comments should refer to this application as "Export Trade Certificate of Review, application number 85–8A018."

U.S. Shippers Association's ("USSA") original Certificate was issued on June 3, 1986 (51 FR 20873, June 9, 1986) and subsequently amended on January 16, 1990 (55 FR 2543, January 25, 1990); November 13, 1990 (55 FR 48664, November 21, 1990); September 22, 1993 (58 FR 51061, September 30,