

Net Subsidies—Producer/Exporter	Net subsidy rate—percent
Carnation Industries Ltd	3.32
Commex Corporation	5.33
Crescent Foundry Co. Pvt. Ltd	4.98
Dinesh Brothers Pvt. Ltd	9.42
Kajaria Iron Castings Pvt. Ltd	1.69
Kejriwal Iron & Steel Works Pvt. Ltd	12.76
Nandikeshwari Iron Foundry Pvt. Ltd	4.33
Overseas Iron Foundry	3.74
R.B. Agarwalla & Company Pvt. Ltd	3.53
RSI Limited	3.55
Serampore Industries Pvt. Ltd	5.54
Shree Rama Enterprise	10.85
Super Iron Foundry	3.32
Uma Iron & Steel	1.38
Victory Castings Ltd	3.05

Because the URAA replaced the general rule in favor of a country-wide rate with a general rule in favor of individual rates for investigated and reviewed companies, the procedures for establishing countervailing duty rates, including those for non-reviewed companies, are now essentially the same as those in antidumping cases, except as provided for in section 777A(e)(2)(B) of the Act. The requested review will normally cover only those companies specifically named. See 19 C.F.R. 351.213(b). Pursuant to 19 C.F.R. 351.212(c), for all companies for which a review was not requested, duties must be assessed at the cash deposit rate, and cash deposits must continue to be collected, at the rate previously ordered. As such, the countervailing duty cash deposit rate applicable to a company can no longer change, except pursuant to a request for a review of that company. See, *Federal-Mogul Corporation and the Torrington Company v. United States*, 822 F.Supp. 782 (CIT 1993) and *Floral Trade Council v. United States*, 822 F.Supp. 766 (CIT 1993) (interpreting 19 C.F.R. 353.22(e) (now 19 C.F.R. 351.212(c)), the antidumping regulation on automatic assessment, which is identical to 19 C.F.R. 355.22(g)). Therefore, the cash deposit rates for all companies except those covered by this review will be unchanged by the results of this review.

We will instruct Customs 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 non-reviewed companies covered by this order will be the rate for that company established in the most recently completed administrative proceeding conducted under the URAA.

See, *1994 Indian Castings Final Results*. If such a review has not been conducted, the rate established in the most recently completed administrative proceeding pursuant to the statutory provisions that were in effect prior to the URAA amendments is applicable. See, *1993 Indian Castings Final Results*. These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested. In addition, for the period January 1, 1996 through December 31, 1996, the assessment rates applicable to all non-reviewed companies covered by this order are the cash deposit rates in effect at the time of entry.

Public Comment

Pursuant to 19 C.F.R. 351.224(b), the Department will disclose to the parties of this proceeding within five days after the date of publication of this notice, the calculations performed in this review. Interested parties may request a hearing not later than 30 days after the date of publication of this notice. Interested parties may submit written arguments in case briefs on these preliminary results within 30 days of the date of publication. Rebuttal briefs, limited to arguments raised in case briefs, may be submitted five days after the time limit for filing the case brief. 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. Any hearing, if requested, will be held two days after the scheduled date for submission of rebuttal briefs. Copies of case briefs and rebuttal briefs must be served on interested parties in accordance with 19 C.F.R. 351.303(f).

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 C.F.R. 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 and notice are issued and published in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)), 19 C.F.R. 351.213.

Dated: July 6, 1998.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[C-427-815, C-475-825, and C-580-835]

Notice of Initiation of Countervailing Duty Investigations: Stainless Steel Sheet and Strip in Coils From France, Italy, and the Republic of Korea

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

EFFECTIVE DATE: July 13, 1998.

FOR FURTHER INFORMATION CONTACT: Marian Wells (France), at (202) 482-6309; Vince Kane (Italy), at (202) 482-2815; and Robert Copyak (Korea), at (202) 482-2209, Import Administration, U.S. Department of Commerce, Room 1870, 14th Street and Constitution Avenue, N.W., Washington, D.C. 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 references to the provisions codified at 19 CFR Part 351, 62 FR 27296, May 19, 1997.

The Petition

On June 10, 1998, the Department of Commerce (the Department) received petitions filed in proper form by or on behalf of Allegheny Ludlum Corporation, Armco Inc., J&L Specialty Steel, Inc., Washington Steel Division of Bethlehem Steel Corporation, United Steel Workers of America, AFL-CIO/CLC, Butler Armco Independent Union, and Zanesville Armco Independent Organization, Inc. (the petitioners). J&L Specialty Steel, Inc. is not a petitioner for the countervailing duty investigation involving France. Supplements to the petitions were filed on June 19, 22, 24, and 26, 1998.

In accordance with section 702(b)(1) of the Act, petitioners allege that manufacturers, producers, or exporters of the subject merchandise in France, Italy, and Korea receive countervailable subsidies within the meaning of section 701 of the Act.

The petitioners state that they have standing to file the petition because they are interested parties, as defined under sections 771(9)(c) and (d) of the Act.

Scope of the Investigations

For purposes of these investigations, the products covered are certain

stainless steel sheet and strip in coils. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (e.g., cold-rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing.

The merchandise subject to this investigation is classified in the Harmonized Tariff Schedule of the United States ("HTSUS") at subheadings: 7219.13.00.30, 7219.13.00.50, 7219.13.00.70, 7219.13.00.80, 7219.14.00.30, 7219.14.00.65, 7219.14.00.90, 7219.32.00.05, 7219.32.00.20, 7219.32.00.25, 7219.32.00.35, 7219.32.00.36, 7219.32.00.38, 7219.32.00.42, 7219.32.00.44, 7219.33.00.05, 7219.33.00.20, 7219.33.00.25, 7219.33.00.35, 7219.33.00.36, 7219.33.00.38, 7219.33.00.42, 7219.33.00.44, 7219.34.00.05, 7219.34.00.20, 7219.34.00.25, 7219.34.00.30, 7219.34.00.35, 7219.35.00.05, 7219.35.00.15, 7219.35.00.30, 7219.35.00.35, 7219.90.00.10, 7219.90.00.20, 7219.90.00.25, 7219.90.00.60, 7219.90.00.80, 7220.12.10.00, 7220.12.50.00, 7220.20.10.10, 7220.20.10.15, 7220.20.10.60, 7220.20.10.80, 7220.20.60.05, 7220.20.60.10, 7220.20.60.15, 7220.20.60.60, 7220.20.60.80, 7220.20.70.05, 7220.20.70.10, 7220.20.70.15, 7220.20.70.60, 7220.20.70.80, 7220.20.80.00, 7220.20.90.30, 7220.20.90.60, 7220.90.00.10, 7220.90.00.15, 7220.90.00.60, and 7220.90.00.80. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise under investigation is dispositive.

Excluded from the scope of this petition are the following: (1) Sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled, (2) sheet and strip that is cut to length, (3) plate (i.e., flat-rolled stainless steel products of a thickness of 4.75 mm or more), (4) flat wire, and (5) razor blade steel. Razor blade steel is a flat-rolled product of stainless steel, not further worked than cold-rolled (cold-reduced), in coils, of a width of 9.5 to 23 mm and a thickness of 0.266 mm or

less, containing by weight 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. See Chapter 72 of the HTSUS, "Additional U.S. and Note" 1(d).

During our review of the petitions, we discussed scope with the petitioners to insure that the scope in the petitions accurately reflect the product for which they are seeking relief. Moreover, as discussed in the preamble to the new regulations (62 FR 27323), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments by July 20, 1998. Comments should be addressed to Import Administration's Central Records Unit at Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 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 our 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 June 23, 1998, the Department held consultations with representatives of the Government of France (GOF). On June 26, 1998, consultations were held with representatives of the Government of Italy (GOI) and the European Commission (EC). On June 25, 1998, the GOF, and on June 29, 1998, the GOI and the EC filed submissions regarding the issues raised during the consultations. See the June 23, 1998 and June 30, 1998, memoranda to the file regarding the consultations with the GOF and the GOI, respectively (public documents on file in the Central Records Unit of the Department of Commerce, Room B-099).

Determination of Industry Support for the Petition

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 account for production of 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 of 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.¹

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.

The domestic like product referred to in the petitions is the single domestic like product defined in the "Scope of Investigation" section, above. The Department has no basis on the record to find the petitions' definition of the domestic like product to be inaccurate. The Department therefore, has adopted the domestic like product definition set forth in the petitions. In this case the Department has determined that the petitions and supplemental information contained adequate evidence of sufficient industry support, and, therefore, polling is unnecessary (see Memorandum to the File, regarding Industry Support, dated June 30, 1998). For France, Italy, and Korea, petitioners established industry support representing over 50 percent of total production of the domestic like product.

¹ 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).

Additionally, no person who would qualify as an interested party pursuant to section 771(A)(C)(D)(E) or (F) has expressed opposition on the record to the petition. Therefore, to the best of the Department's knowledge, the producers who support this petition account for 100 percent of the production of the domestic like product produced by the portion of the industry expressing an opinion regarding the petitions. Accordingly, the Department determines that these petitions are filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act.

Injury Test

Because France, 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 U.S. International Trade Commission (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 subsidized individual and cumulated imports of the subject merchandise from France, Italy, and Korea. 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 U.S. Customs import data, lost sales, and pricing information. The Department assessed the allegations and supporting evidence regarding material injury and causation, and determined that these allegations are sufficiently supported by accurate and adequate evidence and meet the statutory requirements for initiation (see Attachment 1 to Initiation Checklists dated June 30, 1998, entitled Analysis of Allegations and Evidence of Material Injury and Causation).

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 stainless steel sheet and strip in coils (sheet and strip) from France, Italy, and Korea and found that they comply with the 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 sheet and strip from these countries receive subsidies. See the June 30, 1998, memoranda to the file regarding the initiation of these investigations (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 subsidies to producers and exporters of the subject merchandise in France:

Government of France Programs

1. *Purchase of Power Plant*
2. *Forgiveness of Shareholders' Loans in 1994 and 1995*
3. *Provision of Export Financing Under Natexis Banque Programs*
4. *Related Party Grants Received from 1992-95*
5. *Related Party Loans*
6. *DATAR Programs*
 - a. *Regional Development Grants (PATs)*
 - b. *Work/Training Contracts and Internships*
 - c. *DATAR 50 Percent Taxing Scheme*
 - d. *Tax Exemption for Industrial Expansion*
 - e. *Tax Credit for Companies Located in Special Investment Zone*
 - f. *Tax Credits for Research*
7. *GOF Guarantees*
8. *Long-Term Loans from CFDI*
9. *Steel Intervention Fund (FIS)*
10. *Loans with Special Characteristics (PACS): Equity Infusion*
11. *Shareholders' Advances*
12. *Investment/Operating Subsidies*
13. *Ugine 1991 Grant*

European Commission Programs

1. *Myosotis*
2. *Electric Arc Furnaces*
3. *Resider II Program*
4. *Youthstart*
5. *ECSC Article 54 Loans*
6. *ECSC Article 56(2)(b) Redeployment Aid*
7. *European Social Fund Grants (ESF)*

8. European Regional Development Fund Grants (ERDF)

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

1. Upstream Subsidies From Sollac

Petitioners allege that the production of stainless steel sheet and strip in coils received upstream subsidies within the meaning of section 771A of the Act through the provision of subsidies to a related company, Sollac, which supplied hot-rolling services for Ugine during the period 1983-1997. Sollac is 95 percent owned by Usinor. Referring to section 355.45 of the *Countervailing Duties: Notice of Proposed Rulemaking*, 54 FR 23368 (May 31, 1989) ("1989 Proposed Regulations"), petitioners state that an investigation of an upstream subsidy allegation is warranted because there is a reasonable basis to believe or suspect that: (1) Domestic subsidies have been provided with respect to the input product; (2) a competitive benefit has been bestowed; and (3) the subsidies have a significant effect on the cost of producing the subject merchandise. In particular, in support of its allegation that domestic subsidies have been provided with respect to the input product, petitioners assert that all untied, countervailable subsidies bestowed on Usinor in 1983 or later that were found countervailable in *Final Affirmative Countervailing Duty Determinations: Certain Steel Products from France*, 58 FR 37304 (July 9, 1993)) (*Certain Steel from France (1993)*), along with the additional untied post-1991 subsidies alleged in this case, continue to benefit Sollac during the POI.

The Department's methodology with respect to calculating the subsidy rate for untied, domestic subsidies is to divide the total amount of the benefit by the total sales of the recipient company (i.e., Usinor). Therefore, the resulting rate captures the full level of subsidization on the subject merchandise, including any countervailable subsidies bestowed upon any inputs or processes supplied by Usinor companies to the production of the subject merchandise. To consider the same benefit as both an upstream subsidy and as a subsidy to the manufacturer of the finished product would result in double-counting the benefit. On this basis, we find that the initiation of an upstream subsidy investigation is not warranted in this case.

2. Long-Term Loans From FDES

The Law of July 13, 1978 created participative loans that were issued by Fonds de Developpement Economique et Social (FDES). In 1990, FDES loans obtained by Usinor and Sacilor were consolidated into multiple long-term loans which the Department treated as new loans in *Certain Steel from France (1993)* and *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*). Using the private bond interest rate reported in the OECD Financial Statistics as the benchmark in *Lead and Bismuth*, the Department found these loans to be countervailable to the extent that the interest rates were more favorable than the benchmark. In *Certain Steel from France (1993)*, however, a different benchmark was used, and the same loans were found not countervailable because there was no benefit. Despite the determination of *Certain Steel from France (1993)*, petitioners allege that the contradictory stance taken by the Department in *Lead and Bismuth* gives reason to investigate the loans to determine the extent to which these loans continued to bestow countervailable benefits on the production of the subject merchandise during the POI of this case.

Given that *Certain Steel from France (1993)* is the Department's most recent determination with respect to the long-term loans provided by the FDES, we find that there is no reason to revisit our decision that the FDES loans are not countervailable. Petitioners have provided no new evidence to indicate that Usinor has obtained any new loans or to prompt a reexamination of the loans and the benchmark used in our previous investigation. Accordingly, we are not including this program in our investigation.

3. Placement of Usinor Shares With "Stable Shareholders"

As part of its privatization plan in 1995, the GOF placed 14.79 percent of Usinor's capital with "Stable Shareholders." The "Stable Shareholders," who consisted of both government-owned entities and private companies, purchased their shares at a premium and were required to adhere to the Protocole. The Protocole imposed restrictions on the resale of shares held by the "Stable Shareholders" thereby preventing a takeover of the privatized company. Petitioners allege that by placing these illiquid shares with the "Stable Shareholders" the GOF created a built-in defense against takeovers and

other instability, thereby providing a secure investment environment for private investors purchasing the remaining shares. Petitioners assert that without the implicit guarantee represented by these "Stable Shareholders," no private investment would have taken place. Therefore, petitioners allege that the GOF's placement of shares with "Stable Shareholders" provided a benefit in the form of a "potential direct transfer of funds" to Usinor which should be measured by the total amount of the private investment.

We are not including this alleged subsidy in our investigation because we do not accept petitioners' argument that the placement of Usinor's shares with "Stable Shareholders" amounts to an implicit guarantee. Instead, the placement of the shares was simply part of the GOF's privatization plan for Usinor. As petitioners point out, the placement of shares with "Stable Shareholders" was designed to prevent a takeover of the company. Thus, the GOF was seeking to prevent certain purchases of Usinor's shares, not to ensure the sale of those shares.

4. Credit Lyonnais 1991 Investment

In 1991, Credit Lyonnais purchased a 20 percent share of Usinor Sacilor. In *Certain Steel from France (1993)* and *Lead and Bismuth from France*, the Department determined that Usinor Sacilor was equityworthy in 1991 and found the investment not countervailable. Petitioners allege that they have uncovered new evidence which establishes that the GOF's equity investment bestowed a countervailable benefit and constitutes additional factual evidence sufficient to prompt a reexamination of the investment.

Petitioners assert that the new evidence, presented in the 1995 French Audit Office Report ("Audit Report"), indicates that the shares purchased by the bank were immobile and non-remunerative. As such, petitioners allege that the Credit Lyonnais investment lacked the defining characteristics of an equity investment (i.e., a claim on the company's earnings and based on an expectation of a reasonable return) and, thus, constituted a grant rather than equity. See *General Issues Appendix*, appended to *Final Affirmative Countervailing Duty Determination: Certain Steel Products from Austria*, 58 FR 37217, 37239 (July 9, 1993). Other evidence that petitioners present include the 1994 French Parliamentary investigation and report ("French Parliamentary Report") which state that Credit Lyonnais "took the place of the government" to recapitalize

and support Usinor. The Audit Report also criticizes the investment as inappropriate and ultimately very costly to Credit Lyonnais.

A close examination of the Audit Report reveals otherwise. First, we find that the Audit Report's conclusion that the investment in companies such as Usinor were not "mobilizable" was drawn from the policy implications, rather than actual restrictions on the shares themselves. The Audit Report states: "Securities of national enterprises were involved. To sell them * * * would have led to denationalization." In other words, Credit Lyonnais could not sell the shares without the GOF's explicit policy decision to privatize the company. The mere existence of a government policy to retain the control of a state-owned company, however, does not transform the investment into a grant.

With respect to the alleged "unremunerative" nature of the shares, we note that the Audit Report merely states that the stocks did not "quickly produce any dividend." (Emphasis supplied). There is no indication that there were actual restrictions on the shares or that there were no returns on the investment.

Finally, given that both the Audit Report and the French Parliamentary Report were issued ex post facto, we do not consider the statements regarding the ultimate cost of the investment to be relevant. As we stated in the *General Issues Appendix*, "neither the benefit nor the equityworthiness determination should be reexamined post hoc since such information could not have been known to the investor at the time of the investment." 58 FR at 37239.

Accordingly, we find that the evidence presented by petitioners is not sufficient for us to reinvestigate the 1991 investment by Credit Lyonnais. On this basis, we are not including this program in our investigation.

B. Italy

In the course of preparing its CVD questionnaire response in the concurrent investigation of *Stainless Steel Plate in Coils from Italy*, the GOI has ascertained that AST has not applied for or received assistance under the following programs: Law 706/85 Grants for Capacity Reduction, Law 46/82 Assistance for Capacity Reduction, Law 193/84 Early Retirement Assistance and Interest Grants, Law 394/81 Export Marketing Grants and Loans, Law 341/95 and Circolare 50175/95, European Regional Development Fund, Resider II Program (and Successor Programs), and Law 181 Worker Adjustment/Redevelopment Assistance. We are

including these programs in this investigation pending verification of the GOI's claim of non-use.

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

Government of Italy Programs

1. *Law 796/76: Exchange Rate Guarantee Program*
 1. *Benefits Associated with the 1988-1990 Restructuring*
 2. *Pre-Privatization Employment Benefits*
 3. *Law 120/89 Recovery Plan for the Steel Industry*
 4. *Law 181/89 Worker Adjustment/Redevelopment Assistance*
 5. *Law 706/85 Grants for Capacity Reduction*
 6. *Law 488/92 Aid to Depressed Areas*
 7. *Law 46/82 Assistance for Capacity Reduction*
 8. *Working Capital Grants to ILVA, S.p.A. (ILVA)*
 9. *ILVA Restructuring and Liquidation Grant*
 10. *1994 Debt Payment Assistance by the Istituto per la Ricostruzione Industriale (IRI)*
 11. *Loan to KAI for purchase of Acciai Speciali Terni S.p.A. (AST)*
 12. *Debt Forgiveness: 1981 Restructuring Plan*
 13. *Debt Forgiveness: Finsider-to-ILVA Restructuring*
 14. *Debt Forgiveness: ILVA-to-AST Restructuring*
 15. *Law 675/77*
 - a. Mortgage Loans
 - b. Interest Contributions on IRI Loans
 - c. Personnel Retraining Aid
 - d. VAT Reductions
 - e. Grants to Pay Interest on Bank Loans
 17. *Law 193/84*
 - a. Interest Payments
 - b. Closure Assistance
 - c. Early Retirement Benefits
 18. *Law 394/81 Export Marketing Grants and Loans*
 19. *Equity Infusions from 1983 through 1992*
 20. *Uncreditworthiness for 1983 through 1997*
- Petitioners have additionally alleged that AST was uncreditworthy in the years when it allegedly received non-recurring subsidies. This allegation was supported by financial ratios for AST and its predecessor companies. Thus, for those years we will investigate the creditworthiness of AST and its predecessor companies.
21. *Law 341/95 and Circolare 50175/95*
 22. *Export Financing Under Law 227/77 and Remission of Taxes*

European Commission Programs

1. *EU Subsidy to AST to Construct a Mill*
2. *ECSC Article 54 Loans & Interest Rebates*
3. *ECSC Article 56 Conversion Loans, Interest Rebates & Redeployment Aid*
4. *European Social Fund*
5. *European Regional Development Fund*
6. *Resider II Program (and successor programs)*
7. *1993 EU Funds*

C. Korea

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

Government of Korea Programs

1. *Pre-1992 Government of Korea Direction of Credit*
2. *Post-1991 Government of Korea Direction of Credit*
3. *1992 "Emergency Loans" to Sammi Steel Company*
4. *Financial Assistance in Conjunction with the 1997 Sammi Steel Company Bankruptcy*
5. *Tax Incentives for Highly-Advanced Technology Businesses*
6. *"National Subsidy" to Inchon*
7. *POSCO Purchase of Sammi Specialty Steel Division for More Than Adequate Remuneration*
8. *Provision of Electricity for Less Than Adequate Remuneration*
9. *Reserve for Investment*
10. *Kwangyang Bay Project*
11. *Export Facility Loans*
12. *Reserve for Export Loss Under the Tax Exemption and Reduction Control Act (TERCL)*
13. *Reserve for Overseas Market Development Under the Tax Exemption and Reduction Control Act (TERCL)*
14. *Unlimited Deduction of Overseas Entertainment Expenses*
15. *Short-Term Export Financing*
16. *Korean Export-Import Bank (EXIMBANK) Loans*
17. *Special Depreciation of Assets on Foreign Exchange Earnings*
18. *Export Insurance Rates Provided by the Korean Export Insurance Corporation*
19. *Excessive Duty Drawback*
20. *Uncreditworthiness for 1990 through 1997*

Petitioners have alleged that two Korean producers of the subject merchandise, Sammi Steel Company (Sammi) and Incheon Iron & Steel Company (Inchon), were

uncreditworthy during the period 1990 through 1997 and 1991 through 1997, respectively. For those respective years, petitioners have provided financial ratios for the two companies which indicate that the companies may be uncreditworthy for those respective periods. Thus, for those respective years, we will investigate whether the companies were uncreditworthy during the years in which petitioners have alleged non-recurring countervailable subsidies.

Petitioners have also alleged that Sammi and Incheon were uncreditworthy from 1983 through 1997. We are not investigating creditworthiness in the years 1983 through 1989 for Sammi and for the years 1983 through 1990 for Incheon. Petitioners did not provide any information to indicate that the companies were uncreditworthy for those respective years.

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 the representatives of France, 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 section 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 July 27, 1998, 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 stainless steel sheet and strip from France, Italy, and Korea. A negative ITC determination will, for any country, 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 June 30, 1998.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

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