DEPARTMENT OF COMMERCE

International Trade Administration

[C–791–806]

Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Stainless Steel Plate In Coils From South Africa

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

EFFECTIVE DATE: September 4, 1998.

FOR FURTHER INFORMATION CONTACT: Dana Mermelstein, Robert Copyak, or Kathleen Lockard, Office of CVD/AD Enforcement VI, Import Administration, U.S. Department of Commerce, Room 3099, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482–2786.

Preliminary Determination

The Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to the Columbus Joint Venture, a producer and exporter of stainless steel plate in coils from South Africa. For information on the estimated countervailing duty rates, please see the ''Suspension of Liquidation'' section of this notice.

Petitioners

The petition in this investigation was filed by Allegheny Ludlum Corporation, Armco, Inc., J & L Specialty Steel, Inc., Lukens Inc., United Steelworkers of America, AFL–CIO/CLC, Butler Armco Independent Union, and Zanesville Armco Independent Organization, Inc. (the petitioners).

Case History

Since the publication of the notice of initiation in the **Federal Register**, the following events have occurred. *See Notice of Initiation of Countervailing Duty Investigations: Stainless Steel Plate in Coils from Belgium, Italy, the Republic of Korea, and the Republic of South Africa*, 63 FR 23272 (April 28, 1998) (*Initiation Notice*). On May 8, 1998 we issued countervailing duty questionnaires to the Government of South Africa (GOSA) and the producers/exporters of the subject merchandise. On June 1, 1998, we postponed the preliminary determination of this investigation until August 28, 1998. *See Notice of Postponement of Time Limit for Countervailing Duty Investigations: Stainless Steel Plate in Coils from Belgium, Italy, the Republic of Korea, and the Republic of South Africa*, 63 FR 31201 (June 8, 1998).

We received responses to our initial questionnaires from the GOSA and the Columbus Joint Venture, the only producer/exporter of the subject merchandise during the POI, on June 29, 1998. On April 30, 1998, Petitioners provided additional information with respect to seven programs on which the Department did not initiate. On June 17, 1998, we initiated on two additional programs. *See* ''Memorandum to Maria Harris Tildon, Acting Deputy Assistant Secretary for AD/CVD Enforcement II, Regarding Petitioners' Allegations,'' a public document on file in the CRU. On June 18, 1998, we issued a questionnaire on these programs. The response to that questionnaire was received on July 27. We issued several supplemental questionnaires between July 14 and August 10 and received responses from August 3 through August 17.

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions of the Tariff Act of 1930, as amended by the Uruguay Round Agreements Act effective January 1, 1995 (the Act). In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations as codified at 19 CFR 351 and published in the **Federal Register** on May 19, 1997 (62 FR 27295).

Scope of Investigation

For purposes of this investigation, the product covered is certain stainless steel plate 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 plate products are flat-rolled products, 254 mm or over in width and 4.75 mm or more in thickness, in coils, and annealed or otherwise heat treated and pickled or otherwise descaled. The subject plate may also be further processed (e.g., cold-rolled, polished, etc.) provided that it maintains the specified dimensions of plate following such processing. Excluded from the scope of this investigation are the following: (1) plate not in coils, (2) plate that is not annealed or otherwise heat treated and pickled or otherwise descaled, (3) sheet and strip, and (4) flat bars.

The merchandise subject to this investigation is currently classifiable in the Harmonized Tariff Schedule of the United States (HTS) at subheadings: 7219.11.00.30, 7219.11.00.60, 7219.12.00.05, 7219.12.00.20, 7219.12.00.25, 7219.12.00.50, 7219.12.00.55, 7219.12.00.65, 7219.12.00.70, 7219.12.00.80, 7219.31.00.10, 7219.90.00.10, 7219.90.00.20, 7219.90.00.25, 7219.90.00.60, 7219.90.00.80, 7220.11.00.00, 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, 7220.90.00.10, 7220.90.00.15, 7220.90.00.60, and 7220.90.00.80. Although the HTS subheadings are provided for convenience and Customs purposes, the written description of the merchandise under investigation is dispositive.

Injury Test

Because South Africa is a ''Subsidies Agreement Country'' within the meaning of section 701(b) of the Act, the International Trade Commission (ITC) is required to determine whether imports of the subject merchandise from South Africa materially injure, or threaten material injury to, a U.S. industry. On May 28, 1998, the ITC published its preliminary determination that there is a reasonable indication that an industry in the United States is being materially injured, or threatened with material injury, by reason of imports from South Africa of the subject merchandise (62 FR 49994).

Alignment With Final Antidumping Duty Determination

On May 27, 1998 the petitioners submitted a letter requesting alignment of the final determination in this investigation with the final determination in the companion antidumping duty investigations. *See Initiation of Antidumping Investigations: Stainless Steel Plate in Coils From Belgium, Canada, Italy, Republic of South Africa, Republic of Korea, and Taiwan*, 63 FR 20580 (April 27, 1998). In accordance with section 705(a)(1) of the Act, we are aligning the final determination in this investigation with the final antidumping duty determinations in the antidumping investigations of stainless steel plate in coils.

Period of Investigation

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

Facts Available

Section 776(a)(1) of the Act requires the Department to use facts available if ''necessary information is not available on the record.'' In this investigation, information necessary to our analysis of the Columbus Joint Venture (CJV) was unavailable on the record. Pursuant to section 782(d), we gave CJV the opportunity to cure the deficiencies, but the information was not provided in time for the preliminary determination. Therefore, we have resorted to facts available as discussed in the ''Allocation Period'' and ''IDC/Impofin Financing'' sections below.

Company History

In 1988, Samancor Limited (Samancor) and Highveld Steel and Vanadium (Highveld) formed the Columbus Joint Venture to explore the possibility of establishing a world-class, 500,000-ton capacity, stainless steel facility in South Africa. In 1991, the partners examined the option of building a plant in South Africa and made a proposal to the Industrial Development Corporation of South Africa (IDC) that it take a capital stake in the joint venture. The IDC is a state-owned corporation, established in 1940, to further the economic development goals of the South African government. The partners approached the IDC because it provides equity investments and facilitation and guarantee of financing for projects which contribute to furthering the GOSA's economic development objectives. After being approached by the partners, the IDC performed a detailed analysis of the 1991 proposal and decided to participate in the investment subject to certain conditions: that the project be based on the expansion of an existing facility rather than on the construction of a new plant; and, that its implementation be delayed pending the establishment of a program providing tax benefits for capital investments (see discussion of the section 37E program, below).

To meet the IDC's condition, in October 1991, Samancor and Highveld purchased an existing stainless steel facility, the Middleburg Steel & Alloys (MS&A) company. In 1992, the partners again approached the IDC. Based on a revised proposal, the IDC and the two partners conducted a detailed feasibility study to identify the prospects for the venture. The IDC made a counteroffer to the partners which was accepted. Samancor, Highveld, and the IDC entered into a new partnership agreement which is the basis for the current structure of the CJV. Effective January 1, 1993, the IDC became a one-third and equal partner in the venture.

The implementation of the CJV expansion project began in 1993 and was undertaken over the course of two and one-half years. The expansion was completed in 1995. The CJV produces a range of stainless steel products including subject merchandise.

Subsidies Valuation Information

Allocation Period

In the past, the Department has relied upon information from the U.S. Internal Revenue Service on the industry-specific AUL in determining the allocation period for non-recurring subsidies. *See General Issues Appendix (GIA)*, 58 FR 37227, appended to the *Final Countervailing Duty Determination; Certain Steel Products from Austria, et al.*, 58 FR 37217 (July 9, 1993). However, in *British Steel plc* v. *United States*, 879 F. Supp. 1254 (CIT 1995) (*British Steel I*), the U.S. Court of International Trade (the Court) ruled against this allocation methodology. In accordance with the Court's remand order, the Department calculated a company-specific allocation period for non-recurring subsidies based on the AUL of non-renewable physical assets. This remand determination was affirmed by the Court on June 4, 1996. *See British Steel plc* v. *United States*, 929 F. Supp. 426, 439 (CIT 1996) (*British Steel II*). Thus, we intend to determine the allocation period for non-recurring subsidies using company-specific AUL data where reasonable and practicable. *See, e.g., Certain Cut-to-Length Carbon Steel Plate from Sweden; Final Results of Countervailing Duty Administrative Review*, 62 FR 16551 (April 7, 1997).

In this investigation, the Department has followed the Court's decision in *British Steel*, and requested that the respondent submit information relating to its average useful life of assets. However, despite repeated requests, the CJV has not provided the information required to calculate a company-specific AUL. Therefore, as facts available, we are relying on the U.S. Internal Revenue Service depreciation tables, which report a schedule of 15 years for the productive equipment used in the steel industry.

Discount Rates

The Department normally uses, as the discount rate, the average commercial long-term fixed interest rate available in the country under investigation. However, we were unable to obtain this information prior to the preliminary determination; the only information on the record on long-term fixed interest rates in South Africa is the long-term government bond rate. Therefore, for purposes of the preliminary determination, we have used the long-term government bond rate as the discount rate. We will seek a rate for the final determination that better reflects an average long-term commercial fixed interest rate in South Africa.

I. Programs Preliminarily Determined To Be Countervailable

A. Benefits Under Section 37E of the Income Tax Act

The GOSA established section 37E of the Income Tax Act to promote capital investment in order to foster long-term economic development. The purpose of the program is to encourage investment in large industrial expansion projects in value-added sectors of the economy. For projects approved as valued-added processes, section 37E allows for depreciation of capital assets and the deduction of pre-production interest and finance charges in advance, that is, in the year the costs are incurred rather than the year the assets go into use. The program also allows taxpayers in loss positions to receive ''negotiable tax credit certificates'' (NTCCs) in the amount of the cash value of the section 37E tax deduction (*i.e.*, deduction multiplied by the tax rate). The NTCCs can be sold (normally at a discount) to any other taxpayer, who then can use them to pay taxes. The program does not provide for accelerated depreciation, nor does it provide for additional finance charge-related deductions beyond those available under the South African tax code; the advantage to users of this program is the receipt of these tax deductions in advance, *i.e.*, when the expenses are incurred rather than when the equipment is put into use.

Eligibility for section 37E benefits is determined on a project-by-project basis by a committee appointed by the Minister of Finance in concurrence with the Minister of Trade and Industry. According to section 37E, a project's eligibility is contingent upon being designated a ''value-added process.'' Qualifying investments had to be made between September 12, 1991 and September 11, 1993. Applicants had to submit comprehensive information which demonstrated: (1) that the project would add at least 35 percent to the value of the raw material or intermediate product processed; (2) that the project would be carried out on an internationally competitive scale; and (3) that the taxpayer would utilize foreign term credits when importing capital goods for the project.

The CJV became eligible to receive section 37E benefits in 1993, two years before the completion of the expansion of CJV's plant in 1995. Because the CJV is a partnership rather than a tax-paying corporation, section 37E benefits earned by the CJV are claimed by the partners.

When determining whether a program is countervailable, we must ascertain whether it provides benefits to a specific enterprise, industry, or group thereof. We examined whether the program is *de jure* specific and found that the implementing legislation does not limit eligibility for the program to an enterprise, industry, or group thereof. We then analyzed whether the program meets the criteria for *de facto* specificity defined under section 771(5A)(D)(iii) of the Act, *i.e.*, whether the actual recipients of the subsidy are limited in number, whether an enterprise, industry, or group thereof is a predominant user of the subsidy, whether an enterprise, industry, or group thereof receives a disproportionately large amount of the subsidy, or whether the authority providing the subsidy has exercised discretion in the decision to grant the subsidy indicates that an enterprise, industry, or group thereof is favored over others. We examined information about the recipients, including the number of enterprises and industries, and the distribution of benefits granted. The record indicates that only 13 companies were approved to receive benefits and fewer than 13 companies actually received benefits under the section 37E program. *See* Decision Memorandum, dated August 28, 1998, public version on file in the Central Record's Unit (CRU), room B–099 of the main Commerce building (Decision Memorandum). Thus, we preliminarily determine that section 37E is *de facto* specific as the actual recipients of the subsidy are limited in number.

The Department normally considers that a benefit arises from a tax program in the amount of the difference between the taxes paid and the taxes that would have been paid absent the program. However, the section 37E program does not operate as a normal tax program. The purpose of the program is to promote capital investment. According to the IDC, ''[t]he accelerated tax allowances reduce the peak funding requirements of major capital investment projects.'' *See IDC 1992 Annual Report,* Annexure 7 of the July 31, 1998 Questionnaire Response, public version on file in the CRU. Through this program, capital requirements for investments are reduced, as evidenced by the partners' views that the program was essential in reducing the start-up costs of the venture. *See* Petition at Exhibit S–8, public version on file in CRU. Furthermore, there is a cash flow impact regardless of the company's tax position. As such, we consider that, although the section 37E program is a ''tax'' program, it would be inappropriate to treat it as a tax program. Rather, the 37E program is like a capital contribution and therefore should be treated accordingly.

The section 37E program provides a financial contribution within the meaning of section 771(5)(D)(ii) of the Act as it constitutes revenue foregone by the GOSA. Because section 37E provides only for the claiming of depreciation and finance-related deductions in advance of the normal period, the benefit within the meaning of section 771(5)(E) of the Act, is the value to the company of being able to claim the depreciation in advance. Therefore, we preliminarily determine that the section 37E program constitutes a countervailable subsidy within the meaning of section 771(5) of the Act. In addition, since the section 37E program reduces a company's capital requirements, and because the receipt of section 37E benefits required express government approval, we preliminarily determine that it is more appropriate to treat the assistance provided under section 37E as a non-recurring subsidy. *See GIA,* 58 FR at 37226.

To determine the benefit, we ascertained the value of the section 37E allowances to the company. First, we calculated the cash value of each 37E claim by multiplying the total allowance claimed in each year by the relevant tax rate. Then, we determined the time value of obtaining the allowance in advance, in this case, by two years, by discounting the cash value of each allowance. The difference between the tax value of the allowances and the discounted amount is the benefit to the company. This analysis is akin to the discounting by a commercial bank of the face value of a negotiable instrument obtained in advance of its maturity, for example, an invoice or a letter of credit submitted by an exporter. Finally, because we consider that the section 37E assistance should be allocated over time as a nonrecurring subsidy, we treated the benefit realized in each year as a non-recurring grant using our standard grant methodology. Since the CJV did not report its AUL, as facts available, we are relying on the IRS depreciation schedule of 15 years as the allocation period. We summed the amounts allocated to the POI and divided by CJV's total sales. Accordingly, we preliminarily determine the countervailable subsidy to be 1.94 percent *ad valorem* for the CJV.

B. Import Financing through Impofin, Ltd. and the IDC

The IDC and its wholly-owned subsidiary, Impofin, Ltd., facilitate and guarantee foreign credits for the importation of capital goods into South Africa. The program was established in 1989 and was designed to facilitate foreign lending to South African firms; the availability of foreign credit in South Africa was extremely limited at that time. The IDC/Impofin maintain blanket credit lines with banks in numerous countries which are used in two ways. First, the IDC may act as an intermediary lending authority, borrowing funds through these credit lines from the foreign bank and lending them to the South African firm. Second, based on these credit lines, the South African firm may negotiate its own supply contract loan with the foreign lender which is then guaranteed by the IDC. Any company seeking financing for the purchase of foreign capital equipment may apply to Impofin to use the program. Whether the financing is arranged through the IDC/Impofin or directly with the foreign lender, it is guaranteed through the IDC/Impofin program. The IDC charges a fee for its guaranteeing and facilitating services.

The CJV used the IDC/Impofin financing program to finance all of its foreign capital equipment sourcing. Of the 23 U.S. dollar-denominated loans, twelve are held by the IDC or Impofin with the foreign lender, the funds re-loaned to CJV, and the financing guaranteed by the IDC/Impofin. For the remaining eleven loans, the IDC/Impofin arranged for CJV to hold the loan contract directly with the foreign lender and then the IDC/Impofin provided the guarantee.

The Department considers government-guaranteed loans to constitute a financial contribution within the meaning of section 771(5)(D) of the Act. With respect to the CJV, the IDC/Impofin arranged for and guaranteed all the import financing for the capital equipment purchased for the expansion project. This guaranteed financing represents a financial contribution by the GOSA. Loan guarantees confer a benefit as provided under section 771(5)(E)(iii) ''if there is a difference, after adjusting for any difference in guarantee fees, between the amount the recipient of the guarantee pays on the guaranteed loan and the amount the recipient would pay for a comparable commercial loan if there were no guarantee by the authority.'' A comparison of the benchmark interest rate to the interest rate charged on the guaranteed loans indicates for some of the loans that the interest rate is less than the interest rate on a comparable commercial loan.

Next, we analyzed whether the program is specific in law (*de jure* specificity), or in fact (*de facto* specificity), within the meaning of subsections 771(5A)(D)(i) and (iii) of the Act. The enacting legislation for the IDC/Impofin does not explicitly limit eligibility for these financing programs to an enterprise, industry, or group thereof. Thus, we find that the law is not *de jure* specific, and we must analyze whether the program meets the *de facto* criteria defined under section 771(5A)(D)(iii). We examined information provided by the GOSA and found that since 1990, the ''fabricated metal products'' and ''basic metal manufacture'' industries have been predominant users of the program. These industries have received more than fifty percent, by value, of the total guaranteed loans awarded over the life of the program. On this basis, we find IDC/Impofin guaranteed financing to be *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act. Therefore, we preliminarily determine that the IDC/Impofin guaranteed financing program constitutes a countervailable subsidy within the meaning of section 771(5) of the Act.

To calculate the benefit, we used the Department's standard long-term fixed rate loan methodology. We included in the calculation the fees paid by the CJV to the IDC for the financing and guaranteeing services. We plan to gather information on commercial loan guarantee practices and add commercial guarantee fees to the benchmark rate for the final determination. All of the loans were denominated in U.S. dollars. Because respondent did not provide information about long-term U.S. dollar borrowing in South Africa in time for this preliminary determination, we resorted to facts available to determine the appropriate benchmark. (*See* ''Facts Available'' section above.) Therefore, we used Moody's average yield on selected long-term corporate bonds as reported by the Federal Reserve as the benchmark interest rate. We summed the benefits received during the POI and divided that amount by CJV's total sales. Accordingly, we preliminarily determine the countervailable subsidy to be 0.20 percent *ad valorem* for the CJV.

II. Program Preliminarily Determined To Be Not Countervailable Capital Contributions/ IDC Participation in the Columbus Joint Venture

As discussed in the ''Company History'' Section above, in 1988, Highveld and Samancor formed the Columbus Joint Venture to explore the possibility of establishing a stainless steel facility in South Africa. In 1991, the partners proposed that the IDC make a capital investment in the venture. The IDC performed a detailed analysis of the 1991 proposal and decided to participate in the investment subject to certain conditions: that the project would be based on the expansion of an existing facility and that its implementation would be delayed pending the establishment of the section 37E program. In 1992, after the partners acquired an existing facility for the purpose of implementing the IDC's recommendations, the partners approached the IDC with a revised proposal. Based on this proposal, the IDC and the two partners conducted a detailed feasibility study to identify the prospects for the venture. The IDC made a counteroffer to the partners which was accepted. Effective January 1, 1993, the IDC became a one-third and equal partner in the venture. Samancor, Highveld, and the IDC entered a new partnership agreement which is the basis for the current structure of the CJV.

The Department considers the government's provision of equity or start-up capital to constitute a benefit ''* * * if the investment decision is inconsistent with the usual investment practice of private investors, including the practice regarding the provision of risk capital, in the country in which the equity infusion is made.'' *See* 771(5)(E)(i) of the Act. The Department applies this standard in a case-by-case analysis of the commercial context in which the investment decision is made. Thus, we must determine whether the IDC's decision to participate in the CJV was consistent with the usual investment practices of private investors in South Africa.

While Samancor and Highveld are both private investors, their participation in the venture, *per se*, is not a sufficient basis for determining whether the IDC's participation is consistent with usual investment practices. By the time the IDC decided to invest, Samancor and Highveld had been partners in this investment for five years. Both already had substantial stakes in the project, including the purchase of the MS&A facility in 1991. Thus, their evaluation of the CJV expansion project was affected by their interest in protecting their existing investment and they may have been willing to accept a higher level of risk than another private investor would. Therefore, their continued participation is not the appropriate background against which to examine the IDC's decision, and we have focused our analysis on the independent basis for the IDC's decision in order to determine whether it was consistent with the investment practices of a private investor.

As discussed above, in 1991 and 1992, the partners made detailed presentations to the IDC of the risks and projected returns of the project. The IDC agreed to participate in the venture subject to modifications designed to increase the rate of return of the project by lowering its initial capital requirements. In 1992, with assistance from the partners, the IDC conducted a feasibility study to analyze the strengths and weaknesses of the venture and to project its financial performance, based upon the expansion of the MS&A facility. This detailed analysis, which respondents submitted for the record, is the primary basis for the IDC's decision to invest in the CJV.

Given the proprietary nature of the feasibility study, the specific analysis and projections contained in the study cannot be addressed in this public notice. *See* Decision Memorandum. The study is based on reasonable assumptions and concludes that the CJV was a viable venture which would provide a positive real rate of return on the IDC's investment. The study concludes that the average nominal rate of return for the project would be 19.13 percent.

We compared the projected return on the investment to information available for other investments in South Africa during this period. Because of the proprietary nature of the feasibility study, this analysis cannot be detailed in this public notice. *See* Decision Memorandum. The nominal rate of return of 19.13 percent exceeds government bond yields. While the projected real rate of return is not outstanding, it is comparable to returns provided by other investment instruments including bonds and industrial stocks. While we plan to gather more information about commercial investment practices in South Africa in order to inform our analysis for the final determination, the information thus far on the record indicates that the projected return was adequate and it supports a finding that the IDC's investment decision was consistent with the behavior of a reasonable private investor.

Finally, we examined the structure of the partnership itself, to determine whether the IDC assumed more than its share of the risks involved in the venture or less than its share of the potential earnings. The three partners contributed capital to the venture equally. They all account for one-third of the project's year-end results in their financial statements, in accordance with the normal practice for partnerships. They each hold the same number of seats on the CJV's board. To the extent that the IDC's commitments and obligations to the joint venture differ from the other partners, these differences reflect the IDC's role as an investor, in contrast to the other partner's experience in industrial operations. Furthermore, the IDC took steps to protect its level of risk from the investment. For example, where the IDC has assumed more than its pro-rata share of the risk, such as guaranteeing Impofin financing, it has required counterguarantees from the other partners, so the risk is shared.

While the partnership is structured so that the IDC's role in the CJV is slightly different from that of the other two partners, the agreement stipulates equal cash participation, equal representation on the Board of Directors, and equal distribution of any returns on the investments. In addition, the IDC was pro-active in protecting its investment by requiring measures to ensure that the risks would be equally distributed with the other partners. The IDC recommended ways to increase the project's earnings potential and negotiated safeguards in the partnership agreement. The IDC appears to have assumed only an amount of risk that is commensurate with its level of participation as a partner.

The IDC's decision to invest in the CJV appears to be based upon a reasonable analysis that the project was viable, an informed assessment that the IDC would realize a positive real rate of return on its investment, and a partnership based on the equal distribution of the risks. On this basis, we preliminarily determine that the IDC's capital contribution into the CJV was not inconsistent with the normal practice of private investors in South Africa, and thus, does not constitute a countervailable subsidy within the meaning of the Act.

IV. Programs Preliminarily Determined To Be Not Used

Based on the information provided in the responses, we preliminarily determine that the company under investigation did not apply for or receive benefits under the following programs during the POI.

A. Low Interest Rate Finance for the Promotion of Exports (LIFE) Scheme, which the GOSA reports is the same program as the Low Interest Rate Scheme for the Promotion of Exports
B. Competitiveness Fund
C. Export Assistance Under the Export Marketing Assistance and the Export Marketing and Investment Assistance Programs
D. Regional Industrial Development Program (RIDP)
E. Export Marketing Allowance
F. Multi-Shift Scheme

Verification

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

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we have calculated an individual rate for CJV, the sole manufacturer/exporter of the subject merchandise. We preliminarily determine that the total estimated net countervailable subsidy rate is 2.14 percent *ad valorem*. Because we only investigated one producer/exporter, CJV, rate will also serve as the ''all others'' rate. Therefore, the ''all others'' rate is 2.14 percent *ad valorem*.

In accordance with section 703(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of plate in coils from South Africa, which are entered or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the **Federal Register**, and to require a cash deposit or bond for such entries of the merchandise in the amount of 2.14 percent *ad valorem*. This suspension will remain in effect until further notice.

ITC Notification

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

If our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

Public Comment

In accordance with 19 CFR 351.310, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on this preliminary determination. The hearing is tentatively scheduled to be held 57 days from the date of publication of the preliminary determination at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. Individuals who wish to request a hearing must submit a written request within 30 days of the publication of this notice in the **Federal Register** to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, 14th Street and Constitution Avenue, NW, Washington, DC 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Requests for a public hearing should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and, (3) to the extent practicable, an identification of the arguments to be raised at the hearing. In addition, six copies of the business proprietary version and six copies of the nonproprietary version of the case briefs must be submitted to the Assistant Secretary no later than 50 days from the date of publication of the preliminary determination. As part of the case brief, parties are encouraged to provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited. Six copies of the business proprietary version and six copies of the nonproprietary version of the rebuttal briefs must be submitted to the Assistant Secretary no later than 55 days from the date of publication of the preliminary determination. An interested party may make an affirmative presentation only on arguments included in that party's case or rebuttal briefs. Written arguments should be submitted in accordance with 19 CFR 351.309 and will be considered if received within the time limits specified above.

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

Dated: August 28, 1998.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

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