

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 non-proprietary 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 non-proprietary version of the rebuttal briefs must be submitted to the Assistant Secretary no later than 5 days from the date of filing of the case briefs. 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: July 16, 1999.

**Richard W. Moreland,**

*Acting Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-427-817]

#### **Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Certain Cut-to-Length Carbon-Quality Steel Plate From France**

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

**EFFECTIVE DATE:** July 26, 1999.

**FOR FURTHER INFORMATION CONTACT:** Cynthia Thirumalai, Alysia Wilson, and Gregory Campbell, Office of Antidumping/Countervailing Duty Enforcement, Group I, Import Administration, U.S. Department of Commerce, Room 3099, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-4087, 482-0108, or 482-2239, respectively.

#### **Preliminary Determination**

The Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to producers or exporters of certain cut-to length carbon-quality plate ("carbon plate") from France. 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 the Bethlehem Steel Corporation, U.S. Steel Group, Gulf States Steel, Inc., IPSCO Steel Inc., and the United Steel Workers of America. (collectively referred to hereinafter as the "petitioners").

#### *Case History*

Since the publication of the notice of initiation in the **Federal Register** (see *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*, 64 FR 12996 (March 16, 1999) (*Initiation Notice*)), the following events have occurred:

On March 25, 1999, we met with representatives from the Government of France (GOF) and the European Commission (EC) for a second round of consultations.

On March 17, 1999, we issued countervailing duty questionnaires to the GOF, EC, and the producers/exporters of the subject merchandise. On April 29, 1999, we postponed the

preliminary determination of this investigation until July 16, 1999 (see *Certain Cut-to-Length Carbon-Quality Steel Plate From France, India, Indonesia, Italy and the Republic of Korea: Postponement of Time Limit for Countervailing Duty Investigations*, 64 FR 23057 (April 29, 1999)).

On May 11, 1999, we received responses from the GOF and the responding companies (Usinor, Sollac S.A., Creusot Loire Industrie S.A. and GTS Industries S.A.). On June 4, 1999, we issued supplemental questionnaires to the GOF, and responding companies. On June 6, 1999, we issued a supplemental questionnaire to the EC.

In their petition, the petitioners asked the Department to reinvestigate whether the 1991 equity infusions by the GOF and Credit Lyonnais provided to Usinor conferred a subsidy. These investments were found not countervailable in the *Final Affirmative Countervailing Duty Determinations: Certain Steel Products from France*, 58 FR 37304, (July 9, 1993), (*Certain Steel From France*). At the time this proceeding was initiated, we determined that the petitioners had not submitted sufficient information to warrant a reinvestigation of these equity infusions. On June 10, 1999, the petitioners submitted additional information supporting their request. After a review of the petitioners' submission, we have determined that the information they have provided still does not warrant a reinvestigation of these investments. See Memorandum to Richard W. Moreland, Deputy Assistant Secretary for AD/CVD Enforcement, "Petitioners' Supplemental Allegations," dated July 16, 1999, on file in the Central Records Unit of the Department of Commerce.

On June 16, 1999, the Department invited interested parties to comment regarding the attribution of subsidies between GTS Industries (GTS), Sollac, and Creusot-Loire (CLI). Comments were submitted by petitioners and respondents on June 28, 1999.

On June 21, 1999, we received responses to the supplemental questionnaires from the EC and on June 23, 1999, from the responding companies and the GOF.

#### *Scope of Investigation*

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.

#### Scope Comments

As stated in our notice of initiation, we set aside a period for parties to raise issues regarding product coverage. In particular, we sought comments on the specific levels of alloying elements set out in the description below, the clarity of grades and specifications excluded from the scope, and the physical and chemical description of the product coverage.

On March 29, 1999, Usinor, a respondent in the French antidumping and countervailing duty investigations and Dongkuk Steel Mill Co., Ltd. and Pohang Iron and Steel Co., Ltd., respondents in the Korean antidumping and countervailing duty investigations (collectively the Korean respondents), filed comments regarding the scope of the investigations. On April 14, 1999, the petitioners responded to Usinor's and the Korean respondents' comments. In addition, on May 17, 1999, ILVA/ILT, a respondent in the Italian antidumping and countervailing duty investigations, requested guidance on whether certain products are within the scope of these investigations.

Usinor requested that the Department modify the scope to exclude: (1) Plate that is cut to non-rectangular shapes or that has a total final weight of less than 200 kilograms; and (2) steel that is 4" or thicker and which is certified for use in high-pressure, nuclear or other technical applications; and (3) floor plate (*i.e.*, plate with "patterns in relief") made from hot-rolled coil. Further, Usinor requested that the Department provide

clarification of scope coverage with respect to what it argues are over-inclusive HTSUS subheadings included in the scope language.

The Department has not modified the scope of these investigations because the current language reflects the product coverage requested by the petitioners, and Usinor's products meet the product description. With respect to Usinor's clarification request, we do not agree that the scope language requires further elucidation with respect to product coverage under the HTSUS. As indicated in the scope section of every Department antidumping and countervailing duty proceeding, the HTSUS subheadings are provided for convenience and Customs purposes only; the written description of the merchandise under investigation or review is dispositive.

The Korean respondents requested confirmation whether the maximum alloy percentages listed in the scope language are definitive with respect to covered HSLA steels.

At this time, no party has presented any evidence to suggest that these maximum alloy percentages are inappropriate. Therefore, we have not adjusted the scope language. As in all proceedings, questions as to whether or not a specific product is covered by the scope should be timely raised with Department officials.

ILVA/ILT requested guidance on whether certain merchandise produced from billets is within the scope of the current CTL plate investigations. According to ILVA/ILT, the billets are converted into wide flats and bar products (a type of long product). ILVA/ILT notes that one of the long products, when rolled, has a thickness range that falls within the scope of these investigations. However, according to ILVA/ILT, the greatest possible width of these long products would only slightly overlap the narrowest category of width covered by the scope of the investigations. Finally, ILVA/ILT states that these products have different production processes and properties than merchandise covered by the scope of the investigations and therefore are not covered by the scope of the investigations.

As ILVA/ILT itself acknowledges, the particular products in question appear to fall within the parameters of the scope and, therefore, we are treating them as covered merchandise for purposes of these investigations.

#### The Applicable Statute

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 our regulations as codified at 19 CFR part 351 (1998) and *Countervailing Duties; Final Rule*, 63 FR 65348 (November 25, 1998) (*CVD Regulations*).

#### *Injury Test*

Because France is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Act, the U.S. International Trade Commission (ITC) is required to determine whether imports of the subject merchandise from France materially injure, or threaten material injury to, a U.S. industry. On April 8, 1999, the ITC published its preliminary determination finding 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 France of the subject merchandise. (*See Certain Cut-to-Length Steel Plate from the Czech Republic, France, India, Indonesia, Italy, Japan, Korea, and Macedonia; Determinations*, 64 FR 17198 (April 8, 1999)).

#### *Alignment With Final Antidumping Duty Determination*

On July 2, 1999, the petitioners submitted a letter requesting alignment of the final determination in this investigation with the final determination in the companion antidumping duty investigation. *See Initiation of Antidumping Duty Investigations: Certain Cut-To-Length Carbon-Quality Steel Plate From the Czech Republic, France, India, Indonesia, Italy, Japan, the Republic of Korea, and the Former Yugoslav Republic of Macedonia*, 64 FR 12959 (March 16, 1999). Therefore, in accordance with section 705(a)(1) of the Act, we are aligning the final determination in this investigation with the final determination in the antidumping investigation of carbon plate from France.

#### *Period of Investigation*

The period for which we are measuring subsidies (the POI) is calendar year 1998.

#### *Company History*

The GOF identified Usinor, Sollac S.A., Creusot Loire Industrie S.A. ("CLI"), and GTS Industries S.A. ("GTS") as the only producers of the subject merchandise that exported to the United States during the POI. Sollac and CLI are wholly-owned subsidiaries of

Usinor (a holding company), and GTS is an affiliated company.

#### *Usinor*

In 1984, the GOF was a majority shareholder of Usinor. In 1986, Usinor was merged with another state-owned company, Sacilor, into a single company called Usinor Sacilor. Usinor Sacilor was 100 percent owned by the GOF.

In 1995, Usinor Sacilor was privatized, principally through the public sale of shares. In October 1997, the GOF reduced its direct shareholdings to 1 percent. As of August 1998, the GOF has no direct ownership interest in Usinor but retains a minority indirect interest in the company.

#### *GTS*

Prior to 1992, GTS was 89.73 percent owned by Sollac, a direct subsidiary of Usinor. In 1992, Sollac transferred its shares in GTS to AG der Dillinger Hüttenwerke ("Dillinger"), a German steel producer. In return, Dillinger transferred shares it held in Sollac to Sollac which were of an equivalent value. At that time, Dillinger was majority owned by DHS-Dillinger Hütte Saarstahl AG ("DHS"), a German holding company, which, in turn, was 70 percent owned by Usinor.

In 1996, Usinor reduced its interest in DHS from 70 to 48.75 percent. At that time, DHS owned 95.3 percent of Dillinger, which in turn, owned 99 percent of GTS.

#### *Attribution of Subsidies*

The GOF has identified three producers of subject merchandise in this investigation: Sollac, CLI and GTS. During the POI, both Sollac and CLI are wholly-owned by and consolidated subsidiaries of Usinor. With respect to GTS, prior to 1996, it was majority owned by Usinor since Usinor held 70 percent of DHS, which in turn, held approximately 95 percent of Dillinger, GTS' direct parent company. However, since 1996 and during the entire POI, Usinor's interest in DHS is 48.9 percent, i.e., slightly less than a majority.

The issue before the Department is whether the subsidies granted to Usinor are attributable to GTS given that GTS is no longer majority-owned by Usinor. Section 351.525 of the *CVD Regulations* states that the Department will attribute subsidies received by two or more corporations to the products produced by those corporations where cross ownership exists. According to § 351.525(b)(6)(vi) of the *CVD Regulations*, cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other

corporation in essentially the same ways it can use its own assets. The regulations state that this standard will normally be met where there is a majority voting ownership interest between two corporations. The preamble to the *CVD Regulations*, identifies situations where cross ownership may exist even though there is less than a majority voting interest between two corporations: "in certain circumstances, a large minority interest (for example, 40 percent) or a 'golden share' may also result in cross-ownership." (63 FR 65401)

In this investigation, we have preliminarily determined that Usinor's 48.9 percent interest in DHS, the holding company of GTS' parent, Dillinger, is insufficient to establish cross-ownership between Usinor and GTS. We base this determination on the following facts: (1) Usinor has less than a majority voting ownership in DHS; (2) Usinor does not have a "golden share" in GTS; (3) there is another shareholder which effectively controls an equivalent amount of shares in DHS; and (4) information submitted by respondents indicates that there are certain limitations on the shareholders' ability to control Dillinger by virtue of labor's representation on its Supervisory and Management Boards. For more information, see Memorandum to Susan Kuhbach regarding Treatment of GTS Industries S.A. dated July 16, 1999.

Therefore, for purposes of this preliminary determination, we have calculated a separate countervailing subsidy rate for GTS. However, since GTS was part of the Usinor group for much of the allocation period, we have attributed a portion of subsidies received by Usinor through 1996 to GTS, see the *Change in Ownership* section below.

#### *Change in Ownership*

In the *General Issues Appendix (GIA)* attached to the *Final Affirmative Countervailing Duty Determination: Certain Steel Products from Austria*, 58 FR 37217, 37226 (July 9, 1993), we applied a new methodology with respect to the treatment of subsidies received prior to the sale of the company (privatization) or the spinning-off of a productive unit.

Under this methodology, we estimate the portion of the purchase price attributable to prior subsidies. We compute this by first dividing the privatized company's subsidies by the company's net worth for each year during the period beginning with the earliest point at which nonrecurring subsidies would be attributable to the POI (i.e., in this case, 1985 for Usinor)

and ending one year prior to the privatization. We then take the simple average of the ratios. The simple average of these ratios of subsidies to net worth serves as a reasonable surrogate for the percent that subsidies constitute of the overall value of the company. Next, we multiply the average ratio by the purchase price to derive the portion of the purchase price attributable to repayment of prior subsidies. Finally, we reduce the benefit streams of the prior subsidies by the ratio of the repayment amount to the net present value of all remaining benefits at the time of privatization.

With respect to spin-offs, consistent with the Department's position regarding privatization, we analyze the spin-off of productive units to assess what portion of the sale price of the productive units can be attributable to payment for prior subsidies. To perform this calculation, we first determine the amount of the seller's subsidies that the spun-off productive unit could potentially take with it. To calculate this amount, we divide the value of the assets of the spun-off unit by the value of the assets of the company selling the unit. We then apply this ratio to the net present value of the seller's remaining subsidies. We next estimate the portion of the purchase price going towards payment for prior subsidies in accordance with the privatization methodology outlined above.

In accordance with the *Final Affirmative Countervailing Duty Determination: Stainless Steel Sheet and Strip in Coils from France*, 64 FR 30774, (June 8, 1999), (*French Stainless*), in this investigation we have applied the change-in-ownership methodology to the following transactions: (1) The sale of Ugine's shares in 1994; (2) the 1994 sale of Centrale Siderurgique de Richemont (CSR); (3) the privatization of Usinor which spans 1995, 1996, and 1997; (4) the spin-off of assets to Entreprise Jean LeFebvre in 1994; and (5) the spin-off of assets to FOS-OXY in 1993. Additionally, in this investigation, we have also applied our change-in-ownership methodology to Sollac's sale of GTS shares to Dillinger in 1992. In 1996, Usinor reduced its interest in GTS, see the *Attribution* section above. We applied our change-in-ownership methodology to this transaction. However, because of the lack of information on the record regarding the amount paid for the shares, we have not provided for any reallocation of subsidies to Usinor in this transaction. During the course of this investigation, we will further examine this transaction.

### *Subsidies Valuation Information*

*Allocation Period:* The current investigation includes untied, non-recurring subsidies to Usinor that were found to be countervailable in *Certain Steel from France*: PACS, FIS, and Shareholders' Advances. Because we have already assigned a company-specific allocation period of 14 years to those subsidies, we have continued to allocate those subsidies over 14 years. See, *French Stainless*.

We have found no other allocable non-recurring subsidies received by Usinor and GTS in the instant proceeding. However, had there been other allocable non-recurring subsidies received we would apply the methodology stated in § 351.524(d)(2) of the *CVD Regulations*. Section 351.524(d)(2) states that we will presume the allocation period for non-recurring subsidies to be the average useful life (AUL) of renewable physical assets for the industry concerned, as listed in the Internal Revenue Service's (IRS) 1977 Class Life Asset Depreciation Range System and updated by the Department of Treasury. The presumption will apply unless a party claims and establishes that these tables do not reasonably reflect the AUL of the renewable physical assets for the company or industry under investigation, and the party can establish that the difference between the company-specific or country-wide AUL for the industry under investigation is significant.

*Creditworthiness:* When the Department examines whether a company is creditworthy, it is essentially attempting to determine if the company in question could obtain commercial financing at commonly available interest rates. See, § 351.595 of the *CVD Regulations*.

Usinor was found to be uncreditworthy from 1982 through 1988 in *Certain Steel from France*, 58 FR at 37306. No new information has been presented in this investigation that would lead us to reconsider these findings. Therefore, consistent with our past practice, we continue to find Usinor uncreditworthy from 1985 through 1988. See, e.g., *Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Brazil*, 58 FR 37295, 37297 (July 9, 1993).

In the *Initiation Notice*, we stated that the petitioners provided sufficient information in the petition to believe or suspect that Usinor was uncreditworthy from 1992 through 1995. Our change-in-ownership methodology in addition to the fact that Usinor received a

contingent liability interest free loan under the Myosotis project, require the Department to make a creditworthy determination for the 1992–1995 period.

Usinor did not provide the information requested by the Department to make a creditworthy determination, citing the “formidable burdens which would be involved in responding to the Department's Creditworthiness questions.” Consequently, the Department has decided to use facts available in accordance with section 776(a)(2)(A) of the Act. Section 776(b) of the Act permits the Department to draw an inference that is adverse to the interests of an interested party if that party has “failed to cooperate by not acting to the best of its ability to comply with a request for information.” In this investigation, Usinor refused to answer on more than one occasion, the creditworthiness questions in the Department's original and supplemental questionnaires. Therefore, the Department determines it appropriate to use an adverse inference in concluding that the Usinor was uncreditworthy in 1992 through 1995.

Since there was no allegation regarding the creditworthiness of GTS, we have not examined whether GTS is creditworthy.

*Benchmarks for Loans and Discount Rates:* In accordance with §§ 351.505(a) and 351.524(c)(3)(i) of the *CVD Regulations*, we used Usinor's company-specific cost of long-term, fixed-rate loans, where available, for loan benchmarks and discount rates for years in which Usinor was creditworthy. For years where Usinor was creditworthy and a company-specific rate was not available, we used the rates for average yields on long-term private-sector bonds in France as published by the OECD.

For the years in which Usinor was uncreditworthy (see Creditworthiness section above), we calculated the discount rates in accordance with § 351.524(c)(3)(ii) of the *CVD Regulations*. To construct these benchmark rates, we used the formula described in § 351.505(a)(3)(iii) of the *CVD Regulations*. This formula requires values for the probability of default by uncreditworthy and creditworthy companies. For the probability of default by an uncreditworthy company, we relied on the average cumulative default rated reported for Caa to C-rated category of companies as published in Moody's Investors Service, “Historical Default Rates of Corporate Bond Issuers, 1920–1997,” (February 1998). For the probability of default by a creditworthy company we used the average cumulative default rates reported for the

Aaa to Baa-rated categories of companies as reported in this study.<sup>1</sup>

Based upon our analysis of the petition and the responses to our questionnaires, we determine the following:

# I. Programs Preliminarily Determined To Be Countervailable

## GOF Programs

### A. Loans With Special Characteristics (PACS)

A plan was agreed upon in 1978 to help the principal steel companies, Usinor, Sacilor, Chatillon-Neuves-Maisons, and their subsidiaries, restructure their massive debt. This plan entailed the creation of a steel amortization fund, called the *Caisse d'Amortissement pour l'Acier* (CAPA), for the purpose of ensuring repayment of funds borrowed by these companies prior to June 1, 1978. In accordance with the restructuring plan of 1978, bonds previously issued on behalf of the steel companies and pre-1978 loans from *Credit National* and *Fonds de Developpement Economique et Social* (FDES) were converted into "loans with special characteristics," or PACS. As a result of this process, the steel companies were no longer liable for the loans and bonds, but did take on PACS obligations.

In 1978, Usinor and Sacilor converted 21.1 billion French francs (FF) of debt into PACS. From 1980 to 1981, Usinor and Sacilor issued FF8.1 billion of new PACS. PACS in the amount of FF13.8 billion, FF12.6 billion and FF2.8 billion were converted into common stock in 1981, 1986, and 1991, respectively.

In *French Stainless, Certain Steel from France, and Final Affirmative Countervailing Duty Determinations: Certain Hot Rolled Lead and Bismuth Carbon Steel Products from France*, 58 FR 6221 (January 27, 1993) (*Lead and Bismuth*), the Department determined that the conversion of PACS to common stock in 1986 constituted a countervailable equity infusion. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant a reconsideration of our earlier finding. Therefore, we preliminarily determine that a countervailable benefit exists in the amount of the 1986 equity infusion

in accordance with § 351.507(a)(6) of the *CVD Regulations*.

We have treated the 1986 equity infusion as a non-recurring grant received in the year the PACS were converted to common stock. Using the allocation period of 14 years, the 1986 conversion of PACS continues to yield a countervailable benefit during the POI. We used an uncreditworthy discount rate to allocate the benefit of the equity infusion over time. Additionally, we followed the methodology described in the "Change in Ownership" section above to determine the amounts of the equity infusion appropriately allocated to Usinor and GTS. We divided these amounts by Usinor and GTS' total sales of French-produced merchandise during the POI. Accordingly, we preliminarily determine the countervailable subsidy to be 1.31 percent *ad valorem* for Usinor and 0.93 percent *ad valorem* for GTS.

### B. 1986 Shareholders' Advances

The GOF provided Usinor and Sacilor grants in the form of shareholders' advances in 1986. The purpose of these advances was to finance the revenue shortfall needs of Usinor and Sacilor while the GOF planned for the next major restructuring of the French steel industry. These shareholders' advances carried no interest and there was no precondition for receipt of these funds. These advances were converted to common stock in 1986.

In *French Stainless, Certain Steel from France, and Lead and Bismuth*, the Department determined that the shareholders' advances constituted countervailable grants because no shares were received for them. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant a reconsideration of our earlier finding. Therefore, we continue to find that these grants constitute countervailable subsidies within the meaning of section 771(5) of the Act.

We have treated the 1986 shareholders' advance as non-recurring subsidies received in 1986. Using the allocation period of 14 years, these shareholders' advances continue to provide countervailable benefits during the POI. We used an uncreditworthy discount rate to allocate the benefits of these shareholders' advances over time. Additionally, we followed the methodology described in the "Change in Ownership" section above to determine the amount of the grant appropriately allocated to Usinor and GTS. We divided these amounts by Usinor and GTS' total sales of French-produced merchandise during the POI. Accordingly, we preliminarily

determine the countervailable subsidy to be 0.54 percent *ad valorem* for Usinor and 0.38 percent *ad valorem*.

### C. Steel Intervention Fund (FIS)

The 1981 Corrected Finance Law granted Usinor and Sacilor the authority to issue convertible bonds. In 1983, the *Fonds d'Intervention Sidérurgique* (FIS), or steel intervention fund, was created to implement that authority. In 1983, 1984, and 1985, Usinor and Sacilor issued convertible bonds to the FIS, which in turn, with the GOF's guarantee, floated the bonds to the public and to institutional investors. These bonds were converted to common stock in 1986 and 1988.

In *French Stainless, Certain Steel from France and Lead and Bismuth*, the Department determined that the conversions of FIS bonds to common stock in 1986 and 1988 were countervailable equity infusions. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant a reconsideration of our earlier finding. Therefore, we preliminarily determine that a countervailable benefit exists in the amounts of the 1986 and 1988 equity infusions in accordance with § 351.507(a)(6) of the *CVD Regulations*.

We have treated the 1986 and 1988 equity infusions as non-recurring subsidies received in the years the FIS bonds were converted to common stock. Using the allocation period of 14 years, the 1986 and 1988 FIS bond conversions continue to yield a countervailable benefit during the POI. We used an uncreditworthy discount rate to allocate the benefits of the equity infusions over time. Additionally, we followed the methodology described in the "Change in Ownership" section above to determine the amount of the equity infusion appropriately allocated to Usinor and GTS. Dividing these amounts by Usinor and GTS's total sales of French-produced merchandise during the POI, we preliminarily determine the countervailable subsidy to be 3.46 percent *ad valorem* for Usinor and 2.46 percent *ad valorem* for GTS.

### D. Investment/Operating Subsidies

During the period 1987 through 1998, Usinor received a variety of small investment and operating subsidies from various GOF agencies as well as from the European Coal and Steel Community (ECSC). The subsidies were provided for research and development, projects to reduce work-related illnesses and accidents, projects to combat water pollution, etc. The subsidies are classified as investment, equipment, or operating subsidies in the company's

<sup>1</sup> We note that since publication of the *CVD Regulations*, Moody's Investors Service no longer reports default rates for Caa to C-rated category of companies. Therefore for the calculation of uncreditworthy interest rates, we will continue to rely on the default rates as reported in Moody Investor Service's publication dated February 1998 (see Exhibit 28).

accounts, depending on how the funds are used.

In *French Stainless*, the Department determined that the funding provided to Usinor by the water boards (*les agences de l'eau*) and certain work/training grants were not countervailable. Therefore, we are not investigating those programs in this proceeding.

For the remaining amounts in these accounts, including certain work/training grants that differed from those found not countervailable in *French Stainless*, the GOF did not provide any information regarding the distribution of funds, stating that, in the GOF's view, the total amount of investment and operating subsidies received by Usinor was "insignificant and would \* \* \* be expensed." Given the GOF's failure to provide the requested information, we are using "facts available" in accordance with section 776(a)(2)(A) of the Act. Further, section 776(b) of the Act permits the Department to draw an inference that is adverse to the interests of an interested party if that party has "failed to cooperate by not acting to the best of its ability to comply with a request for information." In this investigation, the GOF has refused to answer the Department's repeated requests for data regarding the distribution of grant funds. Therefore, the Department determines it appropriate to use an adverse inference in concluding that the investment and operating subsidies (except those provided by the water boards and certain work/training contracts) are specific within the meaning of section 771(5A)(D) of the Act.

We also determine that the investment and operating subsidies provide a financial contribution, as described in section 771(5)(D)(i) of the Act, in the form of a direct transfer of funds from the GOF and the ECSC to Usinor, providing a benefit in the amount of the grants.

For the investment and operating subsidies received in the years prior to the POI, we have followed the methodology in *French Stainless*. Since these subsidies were less than 0.5 percent of Usinor's sales of French-produced merchandise, we have expensed these grants in the years of receipt, in accordance with § 351.524 (b)(2) of the Department's new regulations. To calculate the benefit received during the POI, we divided the subsidies received by Usinor in the POI by Usinor's total sales of French-produced merchandise during the POI. Accordingly, we determine the countervailable subsidy to be 0.11 percent *ad valorem*. GTS use of

investment and operating subsidies is discussed below.

#### E. Subsidies Provided Directly to GTS

GTS' 1996 condensed financial statements include a "capital subsidy" in the amount of FF 2.1 million. GTS claims that this amount reflects the unamortized balance of a grant that was provided to GTS pursuant to an agreement dated December 29, 1987, between the GOF and Usinor. The grant was given to support the development of a machine for the accelerated cooling of heavy plate during the hot-rolling process. The grant was provided in two disbursements made in 1988 and 1990.

The GOF responded to the Department's questions on this capital subsidy stating that because of its size, the amounts would be expensed in a period outside the POI. Therefore, the GOF did not provide information on the distribution of other grants that might have been given under the same program.

We preliminarily determine that the total amount approved in 1987 was less than 0.5 percent of Usinor's sales of French-produced merchandise in 1987. Therefore, we preliminarily determine that these grants do not confer a countervailable subsidy in the POI.

#### F. Myosotis Project

Since 1988, Usinor has been developing a continuous thin-strip casting process called "Myosotis," in a joint venture with the German steelmaker, Thyssen. The Myosotis project is intended to eliminate the separate hot-rolling stage of Usinor's steelmaking process by transforming liquid metal directly into a coil between two to five millimeters thick.

To assist this project, the GOF, through the Ministry of Industry and Regional Planning and *L'Agence pour la Maîtrise de L'Énergie* (AFME), entered into three agreements with Usinor Sacilor (in 1989) and Ugine (in 1991 and 1995). The first agreement, dated December 27, 1989, provided three payments made in 1989, 1991, and 1993. The second agreement between Ugine and the AFME covered the cost of some equipment for the project. This agreement resulted in two disbursements to Ugine from the AFME in 1991 and 1992. The third agreement with Ugine, dated July 3, 1995, provided interest-free reimbursable advances for the final two-year stage of the project, with the goal of casting molten steel from ladles to produce thin strips. The first reimbursable advance under this agreement was made in 1997. Repayment of one-third of the reimbursable advance is due July 31,

1999. The remaining two-thirds are due for repayment on July 31, 2001.

In *French Stainless*, the Department determined that funding associated with the 1989 and 1991 contracts constituted countervailable subsidies within the meaning of section 771(5) of the Act. Furthermore, since the GOF did not provide any information indicating that the grants were provided to other companies in France, the Department determined that the grants were specific within the meaning of section 771(5A)(D) of the Act. No new information has been submitted to warrant a reconsideration of our earlier finding. Therefore, we continue to find that the grants associated with the Myosotis 1989 and 1991 contracts constitute countervailable subsidies within the meaning of section 771 (5) of the Act. Because the amounts received under the 1989 and 1991 contracts were less than 0.5 percent of Usinor's sales during their respective year of approval, these grants were expensed in the years of receipt. *See CVD Regulations*, 64 FR at 65415.

With respect to the reimbursable advance received in 1997, the GOF has requested that we find this subsidy non-countervailable under section 771(5B)(B)(ii)(II) of the Act, *i.e.*, that this is a green-light subsidy. We have preliminarily determined that we do not need to address the issue whether this subsidy is countervailable because the benefit of the reimbursable advance during the POI is less than 0.00 percent. As stated in the preamble to the *CVD Regulations*:

[W]e will not consider claims for green light status if the subject merchandise did not benefit from the subsidy during the period of investigation or review. Instead, consistent with the Department's existing practice, the green light status of a subsidy will be considered only in an investigation or review of a time period where the subject merchandise did benefit from the subsidy.

*See, CVD Regulations*, 63 FR at 65388.

To measure whether any benefit was received during the POI, we treated this advance as a long-term interest free loan, consistent with our finding in *French Stainless* (see, 64 FR at 30780). Additionally, in accordance with § 351.505 (d)(1) of the Department's new regulations, we are treating this reimbursable advance as a contingent liability loan because the GOF has indicated that repayment of the loan is contingent on the success of the project (see, *CVD Regulations* 63 FR 65410). We used as our benchmark, a long-term fixed rate loan consistent with § 351.505 (a)(2)(iii) of the Department's regulations. Since Usinor would have been required to make an interest

payment on a comparable commercial loan during the POI (see, *French Stainless*), we calculated the benefit from the reimbursable advance as the amount that would have been due during the POI. Dividing these interest savings by Usinor's sales of French-produced merchandise during the POI, the benefit is 0.00 percent.

#### EC Programs

##### European Social Fund

The European Social Fund (ESF), one of the Structural Funds operated by the EC, was established in 1957 to improve workers' employment opportunities and to raise their living standards. The main purpose of the ESF is to make employing workers easier and to increase the geographical and occupational mobility of workers within the European Union. It accomplishes this by providing support for vocational training, employment, and self-employment.

Like the other EC Structural Funds, the ESF seeks to achieve six different objectives explicitly identified in the EC's framework regulations for Structural Funds: Objective 1 is to promote development and structural adjustment in underdeveloped regions; Objective 2 is to assist areas in industrial decline; Objective 3 is to combat long-term unemployment and to create jobs for young people and people excluded from the labor market; Objective 4 is to assist workers adapting to industrial changes and changes in production systems; Objective 5 is to promote rural development; and Objective 6 is to aid sparsely populated areas in northern Europe.

The member states are responsible for identifying and implementing the individual projects that receive ESF financing. The member states also must contribute to the financing of the projects. In general, the maximum benefit provided by the ESF is 50 percent of the project's total cost for projects geared toward Objectives 2, 3, 4, and 5b (see below), and 75 percent of the project's total cost for Objective 1 projects. For all programs implemented under Objective 4 in France, 35 percent of the funding comes from the EC, 25 percent from the GOF, and the remaining 40 percent from the company.

According to the questionnaire responses, CLI received an ESF grant for an Objective 4 project. The amount received during the POI was a portion of a larger total ESF grant authorized for CLI in 1996.

The Department considers worker assistance programs to provide a

countervailable benefit to a company when the company is relieved of a contractual or legal obligation it would otherwise have incurred. See, § 357.513(a) of the *CVD Regulations*. Only limited information was provided in the questionnaire responses about the purpose of this grant. Therefore, we are unable to determine whether it relieved CLI of any legal or contractual obligations. Likewise, with regard to specificity, the EC has not provided complete information about the distribution of ESF grants.

Consequently, the Department has decided to use facts available in accordance with section 776(a)(2)(A) of the Act. Section 776(b) of the Act permits the Department to draw an inference that is adverse to the interests of an interested party if that party has "failed to cooperate by not acting to the best of its ability to comply with a request for information." Since Usinor, the GOF and the EC failed to provide complete information to the Department, we preliminarily determine it appropriate to use an adverse inference in concluding that in receiving the ESF grant that CLI was relieved of an obligation, and that the ESF grant is specific within the meaning of section 771(5A)(D) of the Act.

We preliminarily determine that the 1998 ESF grant is countervailable within the meaning of section 771(5) of the Act. The grant is a financial contribution, as described in section 771(5)(D)(i) of the Act, which provides a benefit to the recipient in the amount of the grant.

The Department normally expenses the benefits from worker-related subsidies in the year in which the recipient is relieved of a payment it would normally incur. See, *CVD Regulations* at 63 FR 65412. Dividing the amount of CLI's 1998 ESF grant by CLI's total 1998 sales yields a countervailable subsidy of 0.00 percent *ad valorem* for this program.

## II. Programs Preliminarily Determined Not To Be Countervailable

### GOF Programs

#### A. 1994 Purchase of Power Plant for Excessive Remuneration

The Department initiated an investigation of this program prior to the issuance of the final determination of *French Stainless*. In *French Stainless*, the Department investigated whether the purchase of the Richemont power plant by Électricité de France (EDF), a government-owned entity, was an arm's-length transaction for full market value. The Department determined that while FF 1 billion represented a large gain

over the book value of CSR's physical assets, the purchase price included an exclusive supply contract from EDF to Usinor's factories in the Lorraine region. Moreover, the transaction price was supported by reasonable estimates of projected costs and revenues. Therefore, the Department determined this transaction was an arm's-length transaction for full-market value and that EDF's purchase of Richemont did not constitute a countervailable subsidy within the meaning of section 771(5) of the Act.

In this investigation, the petitioners stated that to the extent that the Department determines that the transaction is for full-market value based on the commitments by Usinor to purchase power from EDF, evidence suggests that EDF canceled the contract obligating Usinor to purchase electricity exclusively from EDF. Specifically, the petitioners point to a note in Usinor's 1996 financial statements which states that "other income mainly includes the positive impact (MF 250) of a compensation received from EDF and relating to the termination of a distribution contract".

As indicated in our *Initiation Checklist* and in an additional Memorandum to the File through Susan Kuhbach, dated June 2, 1999, the Department indicated that it is terminating its investigation into those programs found not countervailable in *French Stainless*. In *French Stainless*, the Department determined that the 1994 Richemont power plant transaction was a market-based transaction. The information contained in Usinor's 1996 financial statements cited by the petitioners describes an event that occurred two years after the investigated transaction and there is no indication that the 1996 compensation from EDF relates to the Richemont transaction. Therefore, we do not consider this information sufficient to reconsider our prior determination in *French Stainless*.

#### B. GOF Conditional Advance

In *French Stainless*, the Department learned on verification that Usinor received an interest-free conditional advance from the GOF. This advance was provided through the Ministry of Industry to support a project aimed at developing a new type of steel used in the production of catalytic converters. Ugine, Sollac, and two unaffiliated companies participated in the project and each company received a portion of the total project funding provided by the GOF. Ugine received its first payment in 1992 and a second payment in 1995. There is no information on the record



indicating exactly when Sollac received payment. According to the agreement between the GOF and the participating companies, repayment of the advance was contingent upon sales of the product resulting from this project exceeding a set amount. The Department learned in *French Stainless*, that since this condition has not been met, the entire amount of the advance received by Ugine remained outstanding in 1997. Usinor did not provide information indicating the outstanding balance of the loans during the POI.

The responding companies have indicated that the GOF conditional advance is for a project aimed at developing a new type of steel for catalytic converters which does not cover subject merchandise. Additionally, the width of this product does not fall within the width range of the subject merchandise as specified in the scope section of this notice. Therefore, the Department preliminarily determines that this program is tied to non-subject merchandise.

### III. Other Programs

#### A. Electric Arc Furnaces

In 1996, the GOF agreed to provide assistance in the form of reimbursable advances to support Usinor's research and development efforts regarding electric-arc furnaces. The first disbursement of funds occurred on July 17, 1998. Repayment of the reimbursable advances will begin on July 31, 2002.

Since these advances may someday be repaid, we are treating them as contingent liability loans. (See, § 351.505(d)(1) of the *CVD Regulations*). Under the methodology specified in the Department's new regulations, the benefit occurs when payment would have been made on a comparable commercial loan. (See, § 351.505(b) of the *CVD Regulations*). Information provided at verification in the *French Stainless* case indicates that Usinor would make interest payments on its long-term loans on an annual basis. Likewise, information from the Department's discussions in *French Stainless* with private banks in France confirms that such a payment schedule would not be considered atypical of general French banking practices. See *French Stainless*, 64 FR at 30780. Accordingly, we have assumed that a payment on a comparable commercial loan taken out by Usinor at the time of this reimbursable advance would not be due until the year 1999.

Given that no payment would be due during the POI, we preliminarily determine that there is no benefit to Usinor from these reimbursable

advances during the POI. Consequently, we have not addressed whether this reimbursable advance is countervailable.

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

Based on the information provided in the responses, we determine that responding companies did not apply for or receive benefits under the following programs during the POI:

#### GOF Programs

- A. *Shareholders Guarantees*
- B. *Long-Term Loans from CFDI*
- C. *Subsidies Provided Directly To GTS*

#### EC Programs

- A. *Resider and Resider II Program*
- B. *ECSC Article 54 Loans*
- C. *ECSC Article 56(2)(b) Redeployment/Readaptation Aid*
- D. *Grants from the European Regional Development Fund (ERDF)*

### V. Programs Preliminarily Determined Not To Exist

In *French Stainless*, we determined that the alleged program did not exist: "Soft Loans from Credit Lyonnais". Therefore, we are not pursuing this allegation further in this investigation.

### Verification

In accordance with section 782(i)(1) of the Act, we will verify the information submitted by the respondents prior to making our final determination.

### Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we have calculated an individual rate for Usinor and GTS the sole manufacturers of the subject merchandise. We preliminarily determine that the total estimated net countervailable subsidy rate is 5.42 percent *ad valorem* for Usinor and 3.77 percent *ad valorem* for GTS. The All Others rate is 3.84 percent, which is the weighted average of the rates for both companies. In accordance with section 703(d) of the Act, we are directing the US Customs Service to suspend liquidation of all entries of certain cut-to-length carbon-quality steel plate from France 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 amounts indicated above. 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.

In accordance with section 705(b)(2) of the Act, 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 this preliminary determination, at the U.S. Department of Commerce, 14th Street and Constitution Avenue N.W., 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, D.C. 20230. Requests for a public hearing should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. An interested party may make an affirmative presentation only on arguments included in that party's case brief and may make a rebuttal presentation only on arguments included in that party's rebuttal brief. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

In addition, six copies of the business proprietary version and six copies of the nonproprietary version of the case briefs must be submitted to the Assistant Secretary no later than 50 days from the publication of this notice. As part of the case brief, parties are encouraged to provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited. Six copies of the business proprietary version and six copies of the nonproprietary version of the rebuttal briefs must be submitted to the Assistant Secretary no later than 5 days



after the filing of case briefs. Written arguments should be submitted in accordance with 19 CFR 351.309 and will be considered if received within the time limits specified above.

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

Dated: July 16, 1999.

**Richard W. Moreland,**  
Acting Assistant Secretary for Import  
Administration.

[FR Doc. 99-18854 Filed 7-23-99; 8:45 am]

BILLING CODE 3510-DS-P

## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-533-818]

#### **Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Certain Cut-to-Length Carbon-Quality Steel Plate From India**

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

EFFECTIVE DATE: July 26, 1999.

FOR FURTHER INFORMATION CONTACT:  
Robert Copyak or Eric B. Greynolds,  
Office of CVD/AD Enforcement VI,  
Import Administration, U.S. Department  
of Commerce, Room 4012, 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 certain producers and  
exporters of certain cut-to-length  
carbon-quality steel plate from India.  
For information on the estimated  
countervailing duty rate, see the  
"Suspension of Liquidation" section of  
this notice.

#### **SUPPLEMENTARY INFORMATION:**

##### **Petitioners**

The petition in this investigation was  
filed by Bethlehem Steel Corporation;  
U.S. Steel Group, a unit of USX  
Corporation; Gulf States Steel Inc.;  
IPSCO Steel Inc.; Tuscaloosa Steel  
Corporation; and the United  
Steelworkers of America (the  
petitioners).

##### **Case History**

Since the publication of the notice of  
initiation in the **Federal Register** (see  
*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*, 64 FR 12996 (March  
16, 1999) (*Initiation Notice*)), the  
following events have occurred: On  
March 19, 1999, we issued our original  
countervailing duty questionnaire to the  
Government of India (GOI) and to  
producers/exporters of the subject  
merchandise. On April 21, 1999, we  
postponed the preliminary  
determination of this investigation to no  
later than July 16, 1999. See *Certain Cut-  
to-Length Carbon-Quality Steel Plate  
from France, India, Indonesia, Italy, and  
the Republic of Korea: Postponement of  
Time Limit for Countervailing Duty  
Investigations*, 64 FR 23057 (April 29,  
1999).

On May 10, 1999, we received  
responses to our initial questionnaire  
from the GOI and from the Steel  
Authority of India (SAIL), the only  
producer and exporter of the subject  
merchandise. We issued supplemental  
questionnaires on June 3, 1999, and  
June 15, 1999. We received responses to  
these questionnaires on June 25, 1999,  
and July 6, 1999.

#### **Scope of Investigation**

The products covered by this  
investigation 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 this  
investigation unless otherwise  
specifically excluded. The following  
products are specifically excluded from  
this investigation: (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 this  
investigation 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 Department's written