



C-580-882
Administrative Review
7/29/2016 - 12/31/2016
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DATE: October 3, 2018

MEMORANDUM TO: Gary Taverman
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance

FROM: James Maeder
Associate Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations
performing the duties of Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the
Countervailing Duty Administrative Review, 2016: Certain Cold-
Rolled Steel Flat Products from the Republic of Korea

I. Summary

The Department of Commerce (Commerce) is conducting an administrative review of the countervailing duty (CVD) order on certain cold-rolled steel flat products (cold-rolled steel) from the Republic of Korea (Korea) for the period of review July 29, 2016, through December 31, 2016. This review covers nine producers/exporters of subject merchandise. Commerce selected Hyundai Steel Company, Ltd. (Hyundai Steel) and POSCO as mandatory respondents. We preliminarily determine that producers/exporters of subject merchandise received above *de minimis* countervailable subsidies.

II. Background

On September 20, 2016, Commerce published the *Cold-Rolled Steel Order* in the *Federal Register*.¹ On September 1, 2017, Commerce published a notice of opportunity to request an

¹ See *Certain Cold-Rolled Steel Flat Products from Brazil, India, and the Republic of Korea: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order (the Republic of Korea) and Countervailing Duty Orders (Brazil and India)*, 81 FR 64436 (September 20, 2016) (*Cold-Rolled Steel Order*).



administrative review of the *Cold-Rolled Steel Order*.² On September 25, 2017, we received a timely request for administrative review from Hyundai Steel and POSCO.³ On September 25, 2017, we also received a timely request from Nucor Corporation (Nucor) for review of the *Cold-Rolled Steel Order* for the following firms: Dongbu Steel Co., Ltd.; Dongbu Incheon Steel Co., Ltd.; Dongkuk Steel Mill Co., Ltd.; Dongkuk Industries Co., Ltd.; Hyuk San Profile Co., Ltd.; Hyundai Steel Co., Ltd.; Taihan Electric Wire Co., Ltd., and Union Steel Co., Ltd.⁴ On November 13, 2017, Commerce initiated a CVD review with regard to the nine producers for which interested parties requested individual review.⁵

In the *Initiation Notice*, we stated that, in the event we limited the number of respondents selected for individual examination, we intended to select respondents based on Customs and Border Protection (CBP) data for U.S. imports during the POR. On December 8, 2017, Commerce released CBP entry data, and provided interested parties until December 15, 2017, to submit comments on the data.⁶ On December 15, 2017, POSCO and Nucor submitted comments that Commerce should select the two largest producers or exporters of subject merchandise.⁷ No other party submitted comments or rebuttal comments regarding respondent selection, and no party requested to be considered as a voluntary respondent in this administrative review.

On February 28, 2018, Commerce selected Hyundai Steel and POSCO as the mandatory respondents in the administrative review.⁸

On March 2, 2018, Commerce issued the Initial Questionnaire to the Government of Korea (GOK), Hyundai Steel, and POSCO.⁹ Both Hyundai Steel and POSCO submitted their affiliation questionnaire responses on March 16, 2018.¹⁰ On April 13, 2018, Hyundai Steel and POSCO submitted their responses to Section III of Commerce's March 2, 2018 Initial Questionnaire.¹¹ On the same day, the GOK also submitted its response to Commerce's Initial Questionnaire.¹² Between May 4, 2018, and July 27, 2018, Commerce issued supplemental

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 82 FR 41595 (September 1, 2017).

³ See Hyundai Steel's July 31, 2017 letter.

⁴ See Nucor's September 29, 2017.

⁵ We initiated a review on: Dongbu Steel Co., Ltd.; Dongbu Incheon Steel Co., Ltd.; Dongkuk Steel Mill Co., Ltd.; Dongkuk Industries Co., Ltd.; Hyuk San Profile Co., Ltd.; Hyundai Steel Co., Ltd.; POSCO; Taihan Electric Wire Co., Ltd.; and Union Steel Co., Ltd. See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 82 FR 52268 (November 13, 2017) (*Initiation Notice*).

⁶ See Memorandum, "Certain Cold-Rolled Steel Flat Products from the Republic of Korea; 2016: Release of U.S. Customs and Border Protection Import Data," dated December 8, 2017 (CBP Query Memorandum).

⁷ See POSCO's letter, "Certain Cold-Rolled Steel Flat Products from the Republic of Korea, Case No. C-580-882: Comments on CBP Data and Respondent Selection," dated December 15, 2017; see also Petitioners' Letter, "Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Comments on CBP Data and Respondent Selection," dated December 15, 2017.

⁸ See Memorandum, "Respondent Selection," dated February 28, 2018.

⁹ See Commerce's March 2, 2018 Initial Questionnaire.

¹⁰ See Hyundai Steel's March 16, 2018 Affiliation Questionnaire Response (Hyundai Steel Affiliation QR) and POSCO March 16, 2018 Affiliation Response (POSCO Affiliation QR).

¹¹ See Hyundai Steel's March 13, 2018 Section III Initial Questionnaire Response (Hyundai Steel Initial QR), and POSCO's April 16, 2018, Section III Initial Questionnaire Responses (collectively, POSCO Initial QR).

¹² See the GOK's April 13, 2018 Initial Questionnaire Response (GOK Initial QR).

questionnaires to Hyundai Steel, POSCO, and the GOK, and received timely responses. Nucor filed deficiency comments for Hyundai Steel, POSCO, and the GOK.¹³ Hyundai Steel and POSCO filed rebuttal comments in response to Nucor's comments.¹⁴

On May 7, 2018, Nucor submitted timely new subsidy allegations (NSAs) with regard to Hyundai Steel and POSCO.¹⁵ On May 10 and 14, 2018, POSCO and Hyundai Steel, respectively, submitted comments in response to the NSA Submission.¹⁶ On June 14, 2018, Commerce issued a supplemental questionnaire to Nucor regarding the NSAs.¹⁷ Nucor timely responded to Commerce's supplemental questionnaire on June 21, 2018.¹⁸ On July 2, 2018, Hyundai Steel and POSCO submitted comments in response to the Nucor June 21, 2018 SQR.¹⁹ On August 9, 2018, Commerce released its decision memorandum regarding Nucor's NSAs concerning Hyundai Steel and POSCO.²⁰ On August 17, 2018, Commerce issued the NSA questionnaire to Hyundai Steel and the GOK.²¹ On August 24, 2018, Hyundai Steel and the GOK each submitted its NSA questionnaire response.²²

On September 14, 2018, Nucor filed comments with respect to Hyundai Steel and POSCO in advance of the preliminary results.²³ On September 18, 2018, Hyundai Steel and POSCO filed rebuttal comments to Nucor's comments.²⁴ We have considered these comments for the preliminary results.

¹³ See Nucor's deficiency comments regarding Hyundai Steel's Questionnaire Responses, dated March 30, 2018, April 27, 2018, May 1, 2018, August 16, 2018. See Nucor's deficiency comments regarding POSCO's Initial Questionnaire Responses, dated March 30, 2018, April 30, 2018, June 1, 2018, June 13, 2018, and July 6, 2018. See Nucor's deficiency comments regarding the GOK's Questionnaire Responses dated July 6, 2018.

¹⁴ See Hyundai Steel's rebuttal comments dated August 23, 2018; and POSCO's rebuttal comments, dated April 6, 2018, and June 8, 2018.

¹⁵ See Nucor Letter, "Certain Cold-Rolled Steel Flat Products from the Republic of Korea: New Subsidy Allegations," dated May 7, 2018 (NSA Submission).

¹⁶ See Letter from POSCO, "Certain Cold-Rolled Steel Flat Products from the Republic of Korea, Case No. C-580-882: Response to Nucor's New Subsidy Allegation," dated May 10, 2018 (POSCO NSA Comments); *see also* Letter from Hyundai Steel, "Certain Cold-Rolled Steel Flat Products from the Republic of Korea, Case No. C-580-882: Response to Nucor's New Subsidy Allegation," dated May 14, 2018 (Hyundai Steel NSA Comments).

¹⁷ See Commerce Letter re: Supplemental Questionnaire for New Subsidy Allegations, dated June 14, 2018.

¹⁸ See Letter from Nucor, "Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Response to Supplemental Questionnaire for New Subsidy Allegations," dated June 21, 2018 (Nucor June 21, 2018 SQR).

¹⁹ See Letter from Hyundai Steel, "Certain Cold-Rolled Steel Flat Products from the Republic of Korea, Case No. C-580-882: Rebuttal Comments on Nucor's NSA Supplemental Questionnaire Response," dated July 2, 2018 (Hyundai Steel NSA SQR Rebuttal); Letter from POSCO, "Rebuttal Comments on Nucor's NSA Supplemental Questionnaire Response," dated July 2, 2018 (POSCO NSA SQR Rebuttal).

²⁰ See Memorandum, "New Subsidy Allegations," dated June 25, 2018 (NSA Memorandum).

²¹ See Commerce's August 17, 2018 New Subsidies Questionnaire for Hyundai Steel Company; *see also* Commerce's August 17, 2018 New Subsidies Questionnaire for the GOK.

²² See Hyundai Steel's submission, "Response to New Subsidies Questionnaire," dated July 2, 2018; *see the* GOK's submission, "New Subsidy Allegations Questionnaire Response," dated July 2, 2018.

²³ See Nucor letter, "Comments in Advance of the Preliminary Determination," dated September 14, 2018.

²⁴ See Hyundai Steel letter, "Rebuttal Comments on Nucor's Comments in Advance of Preliminary Determination," dated September 19, 2018; *see also* POSCO letter, "Rebuttal Comments on Nucor's Comments in Advance of Preliminary Determination," dated September 19, 2018.

On January 23, 2018, Commerce exercised its discretion to toll all deadlines affected by the closure of the Federal Government from January 20, 2018, through 22, 2018.²⁵ On May 17, 2018, and September 14, 2018, Commerce extended the deadline for preliminary results of this review to no later than October 3, 2018.²⁶

We are conducting this review in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

III. Period of Review

The period of review (POR) is July 29, 2016, through December 31, 2016.

While the POR covers part of 2016, we have analyzed data for the period January 1, 2016, through December 31, 2016, to determine the countervailable subsidy rate for exports of subject merchandise made during the periods in 2016 when liquidation of entries was suspended.

IV. Scope of the Order

The products covered by this order are certain cold-rolled (cold-reduced), flat-rolled steel products, whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances. The products covered do not include those that are clad, plated, or coated with metal. The products covered include coils that have a width or other lateral measurement (“width”) of 12.7 mm or greater, regardless of form of coil (*e.g.*, in successively superimposed layers, spirally oscillating, *etc.*). The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness of 4.75 mm or more and a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.*, products which have been “worked after rolling” (*e.g.*, products which have been beveled or rounded at the edges). For purposes of the width and thickness requirements referenced above:

(1) where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above, and

(2) where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, *etc.*), the measurement at its greatest width or thickness applies.

²⁵ See January 23, 2018 Memorandum re: Deadlines Affected by the Shutdown of the Federal Government. All deadlines in this segment of the proceeding have been extended by three days.

²⁶ See Memorandum “Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Extension of Deadline for Preliminary Results of Countervailing Duty Administrative Review; 07/29/2016 - 12/31/2016,” dated May 17, 2018; *see also* Memorandum “Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Extension of Deadline for Preliminary Results of Countervailing Duty Administrative Review; 07/29/2016 - 12/31/2016,” dated September 14, 2018.

Steel products included in the scope of this order are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 2.00 percent of nickel, or
- 0.30 percent of tungsten (also called wolfram), or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium (also called columbium), or
- 0.30 percent of vanadium, or
- 0.30 percent of zirconium

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, motor lamination steels, Advanced High Strength Steels (AHSS), and Ultra High Strength Steels (UHSS). IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. Motor lamination steels contain micro-alloying levels of elements such as silicon and aluminum. AHSS and UHSS are considered high tensile strength and high elongation steels, although AHSS and UHSS are covered whether or not they are high tensile strength or high elongation steels.

Subject merchandise includes cold-rolled steel that has been further processed in a third country, including but not limited to annealing, tempering, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the review if performed in the country of manufacture of the cold-rolled steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this order unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of this order:

- Ball bearing steels;²⁷
- Tool steels;²⁸
- Silico-manganese steel;²⁹
- Grain-oriented electrical steels (GOES) as defined in the final determination of the U.S. Department of Commerce in *Grain-Oriented Electrical Steel from Germany, Japan, and Poland*.³⁰
- Non-Oriented Electrical Steels (NOES), as defined in the antidumping orders issued by the U.S. Department of Commerce in *Non-Oriented Electrical Steel from the People's Republic of China, Germany, Japan, the Republic of Korea, Sweden, and Taiwan*.³¹

The products subject to this order are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0070, 7209.16.0091, 7209.17.0030, 7209.17.0060, 7209.17.0070, 7209.17.0091, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2520, 7209.18.2580, 7209.18.6020, 7209.18.6090, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030,

²⁷ Ball bearing steels are defined as steels which contain, in addition to iron, each of the following elements by weight in the amount specified: (i) not less than 0.95 nor more than 1.13 percent of carbon; (ii) not less than 0.22 nor more than 0.48 percent of manganese; (iii) none, or not more than 0.03 percent of sulfur; (iv) none, or not more than 0.03 percent of phosphorus; (v) not less than 0.18 nor more than 0.37 percent of silicon; (vi) not less than 1.25 nor more than 1.65 percent of chromium; (vii) none, or not more than 0.28 percent of nickel; (viii) none, or not more than 0.38 percent of copper; and (ix) none, or not more than 0.09 percent of molybdenum.

²⁸ Tool steels are defined as steels which contain the following combinations of elements in the quantity by weight respectively indicated: (i) more than 1.2 percent carbon and more than 10.5 percent chromium; or (ii) not less than 0.3 percent carbon and 1.25 percent or more but less than 10.5 percent chromium; or (iii) not less than 0.85 percent carbon and 1 percent to 1.8 percent, inclusive, manganese; or (iv) 0.9 percent to 1.2 percent, inclusive, chromium and 0.9 percent to 1.4 percent, inclusive, molybdenum; or (v) not less than 0.5 percent carbon and not less than 3.5 percent molybdenum; or (vi) not less than 0.5 percent carbon and not less than 5.5 percent tungsten.

²⁹ Silico-manganese steel is defined as steels containing by weight: (i) not more than 0.7 percent of carbon; (ii) 0.5 percent or more but not more than 1.9 percent of manganese, and (iii) 0.6 percent or more but not more than 2.3 percent of silicon.

³⁰ See *Grain-Oriented Electrical Steel from Germany, Japan, and Poland: Final Determinations of Sales at Less Than Fair Value and Certain Final Affirmative Determination of Critical Circumstances*, 79 Fed. Reg. 42,501, 42,503 (Dep't of Commerce, July 22, 2014). This determination defines grain-oriented electrical steel as "a flat-rolled alloy steel product containing by weight at least 0.6 percent but not more than 6 percent of silicon, not more than 0.08 percent of carbon, not more than 1.0 percent of aluminum, and no other element in an amount that would give the steel the characteristics of another alloy steel, in coils or in straight lengths."

³¹ See *Non-Oriented Electrical Steel from the People's Republic of China, Germany, Japan, the Republic of Korea, Sweden, and Taiwan: Antidumping Duty Orders*, 79 Fed. Reg. 71,741, 71,741-42 (Dep't of Commerce, Dec. 3, 2014). The orders define NOES as "cold-rolled, flat-rolled, alloy steel products, whether or not in coils, regardless of width, having an actual thickness of 0.20 mm or more, in which the core loss is substantially equal in any direction of magnetization in the plane of the material. The term 'substantially equal' means that the cross grain direction of core loss is no more than 1.5 times the straight grain direction (*i.e.*, the rolling direction) of core loss. NOES has a magnetic permeability that does not exceed 1.65 Tesla when tested at a field of 800 A/m (equivalent to 10 Oersteds) along (*i.e.*, parallel to) the rolling direction of the sheet (*i.e.*, B800 value). NOES contains by weight more than 1.00 percent of silicon but less than 3.5 percent of silicon, not more than 0.08 percent of carbon, and not more than 1.5 percent of aluminum. NOES has a surface oxide coating, to which an insulation coating may be applied."

7211.23.6060, 7211.23.6090, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7225.50.6000, 7225.50.8080, 7225.99.0090, 7226.92.5000, 7226.92.7050, and 7226.92.8050.

The products subject to this review may also enter under the following HTSUS numbers: 7210.90.9000, 7212.50.0000, 7215.10.0010, 7215.10.0080, 7215.50.0016, 7215.50.0018, 7215.50.0020, 7215.50.0061, 7215.50.0063, 7215.50.0065, 7215.50.0090, 7215.90.5000, 7217.10.1000, 7217.10.2000, 7217.10.3000, 7217.10.7000, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7225.19.0000, 7226.19.1000, 7226.19.9000, 7226.99.0180, 7228.50.5015, 7228.50.5040, 7228.50.5070, 7228.60.8000, and 7229.90.1000.

The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the order is dispositive.

V. Rate for Non-Examined Companies

The statute and Commerce's regulations do not address the establishment of a rate to be applied to individual respondents not selected for examination when Commerce limits its examination in an administrative review pursuant to section 777A(e)(2) of the Tariff Act of 1930, as amended (the Act). Generally, Commerce looks to section 705(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for respondents which we did not examine in an administrative review. Section 705(c)(5)(A) of the Act articulates a preference that we are not to calculate an all-others rate using rates which are zero, *de minimis* or based entirely on facts available. Accordingly, Commerce's usual practice in determining the rate for non-examined respondents has been to weight average the net subsidy rates for the individually examined companies, excluding rates that are zero, *de minimis*, or based entirely on facts available.³² Section 705(c)(5)(B) of the Act also provides that, where all rates are zero, *de minimis*, or based entirely on facts available, we may use "any reasonable method" for assigning the all-others rate, including averaging the estimated weighted-average net subsidy rates determined for the exporters and producers individually examined.

As indicated in the accompanying *Federal Register* notice of preliminary results, dated concurrently with this Preliminary Decision Memorandum, we preliminarily determine that Hyundai Steel and POSCO received countervailable subsidies that are above *de minimis*. Therefore, we are applying to the non-selected companies the weighted average of the net subsidy rates calculated for Hyundai Steel and POSCO using publicly ranged sales data submitted by respondents.³³

³² See, e.g., *Certain Pasta from Italy: Final Results of the 2008 Countervailable Review*, 75 FR 37386, 37387 (June 29, 2010) (*Pasta from Italy*).

³³ See Memorandum, "Preliminary Results Calculations of Subsidy Rate for Non-Selected Companies Under Review," dated concurrently with this memorandum.

VI. Subsidies Valuation Information

A. Allocation Period

For non-recurring subsidies, we applied the “0.5 percent test,” as described in 19 CFR 351.524(b)(2). Under this test, we divide the amount of subsidies approved under a given program in a particular year by the relevant sales value (*e.g.*, total sales or export sales) for the same year. If the amount of the subsidies is less than 0.5 percent of the relevant sales value, then the benefits are allocated to the year of receipt rather than across the average useful life (AUL). In the instant review, we are relying on a 15-year AUL.³⁴

B. Attribution of Subsidies

Commerce’s regulations at 19 CFR 351.525(b)(6)(i) state that Commerce will normally attribute a subsidy to the products produced by the corporation that received the subsidy. However, 19 CFR 351.525(b)(6)(ii)-(v) provides that Commerce will attribute subsidies received by certain other companies to the combined sales of those companies when: (1) two or more corporations with cross-ownership produce the subject merchandise; (2) a firm that received a subsidy is a holding or parent company of the subject company; (3) there is cross-ownership between an input supplier and a downstream producer and production of the input is primarily dedicated to the production of the downstream product; or (4) a corporation producing non-subject merchandise received a subsidy and transferred the subsidy to a corporation with cross-ownership with the subject company.

According to 19 CFR 351.525(b)(6)(vi), cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other corporation(s) in essentially the same ways it can use its own assets. This regulation states that this standard will normally be met where there is a majority voting interest between two corporations or through common ownership of two (or more) corporations. The Court of International Trade (CIT) upheld Commerce’s authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same way it could use its own subsidy benefits.³⁵

Hyundai Steel reported that it is a publicly traded company engaged in the production and sale of steel products, including cold-rolled steel.³⁶ Hyundai Steel reported that it is not a subsidiary of any other company and it has no parent or holding company.³⁷ Hyundai Steel further reported that none of its cross-owned companies supplied inputs for the production of subject merchandise.³⁸ Accordingly, Hyundai Steel responded to the Initial Questionnaire with regard to

³⁴ See U.S. Internal Revenue Service Publication 946 (2008), “How to Depreciate Property,” at Table B-2: Table of Class Lives and Recovery Periods.

³⁵ See *Fabrique de Fer de Charleroi v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001) (*Fabrique*).

³⁶ See Hyundai Steel Affiliation QR at III-3.

³⁷ *Id.*

³⁸ *Id.* at III-15.

Hyundai Steel. We attributed subsidies received by Hyundai Steel to the sales of Hyundai Steel.³⁹

POSCO reported that it had one affiliated Korean trading company through which it exported all subject merchandise, POSCO Daewoo Corporation (PDC).⁴⁰ For POSCO, we preliminarily attributing subsidies received by POSCO to its own sales in accordance with 19 CFR 351.525 (b)(6)(i). For PDC, because PDC is POSCO's trading company for all of POSCO's exports of subject merchandise, we have cumulated benefits from subsidies to PDC with benefits from subsidies provided to POSCO that is sold through the PDC based on the ratio of PDC's exports to the United States of subject merchandise that was produced by POSCO during the POR, pursuant to 19 CFR 351.525(c).

POSCO stated that it also had input suppliers with which it is cross-owned: POSCO Chemtech; POSCO Nippon RHF Joint Venture Co., Ltd. (PNR); POSCO P&S, Pohang Scrap Recycling Distribution Center (Pohang SRDC), and POSCO M-Tech. Each of these companies supplied inputs to POSCO for the production of the downstream product.⁴¹ Pursuant to 19 CFR 351.525(b)(6)(iv), we preliminarily attribute subsidies received by these cross-owned input providers to the respective input providers' total sales plus the sales of POSCO, net of inter-company sales.⁴²

Either POSCO or POSCO's cross-owned input suppliers acquired the following companies during the AUL:⁴³

- POSCO merged with POS-Himetal during the POR and, afterward, POS-Himetal no longer existed as a separate company;⁴⁴
- POSCO AST, POSCO NST and Daemyeong TMS: Between 2007 and 2010, POSCO

³⁹ As noted below in the "Programs Preliminarily Determined Not to Confer a Benefit" section, Nucor alleged that Hyundai Steel was cross-owned with Hyundai Green Power, an affiliated electricity provider, during the POR with the meaning of 19 CFR 351.525(b)(6)(iv) and, thus, any subsidies received by Hyundai Green Power were attributable to Hyundai Steel. However, because we have preliminarily determined that the sole alleged subsidy program involving Hyundai Green Power did not confer a countervailable benefit, the issue of whether Hyundai Green Power is cross-owned with Hyundai Steel is not relevant for purposes of these preliminary results.

⁴⁰ POSCO Reported that PDC also supplied POSCO with raw materials. *See* POSCO Affiliation QR at III-2 and III-10.

⁴¹ *See* POSCO Affiliation QR at III-3, III-9 – III-15. Pohang SRDC processed scrap which it provided to POSCO through POSCO P&S. *See* POSCO Affiliation QR at III-14 – III-15

⁴² We preliminarily find that, among these input suppliers, only POSCO Chemtech, and POSCO M-Tech received countervailable subsidies that conferred measurable benefits. *See* POSCO Preliminary Calculation Memo and the accompanying Excel spreadsheet.

⁴³ As explained in the "USE OF FACTS OTHERWISE AVAILABLE" section, below, we have applied neutral FA with respect to Ricco Metal we intend to examine and if necessary, collect further information regarding POSCO M-Tech's, POSCO AST's and SRDC's responses with respect to Ricco Metal. Nine Digit, Daemyeong TMS, Pohang SPFC, and Gunsan SPFC, after the preliminary results.

⁴⁴ *See* POSCO Affiliation QR at III-3; *see also* POSCO May 17, 2018, Notification of Reporting Difficulties Letter at 8-9; *see also* POSCO May 30 (Supplemental) Section III QR at III-1.

incrementally acquired all of the shares of POSCO AST.⁴⁵ Subsequently, in 2010, POSCO AST merged with Daemyeong TMS, POSCO AST's subsidiary.⁴⁶ In 2012, POSCO AST merged with POSCO TMS, POSCO AST's subsidiary.⁴⁷ In 2012, POSCO AST also merged with POSCO's subsidiary POSCO NST.⁴⁸ Afterward, POSCO NST no longer existed as a separate company.⁴⁹ In 2016, POSCO P&S acquired 100 percent of the shares of POSCO AST from POSCO and merged with POSCO AST.⁵⁰ Afterward, POSCO AST no longer existed as a separate company.⁵¹

- POSCO TMC: In 2016 POSCO TMC merged with POSOCO P&S, and afterward no longer existed as a separate company.⁵²
- SPFC: In November 2016, SPFC merged into POSCO P&S and afterward no longer existed as a separate company.⁵³

Ricco Metal and Nine-Digit: In January 2013, Ricco Co. (Ricco Metal) merged into POSCO M-Tech and afterward no longer existed as a separate company.⁵⁴ In January 2013, Nine Digits Co. (Nine Digit) merged into POSCO M-Tech and afterward no longer existed as a separate company.⁵⁵

- Pohang SPFC and Gunsan SPFC: Pohang SPFC was formed in 2008 and merged into SPFC in January 2013.⁵⁶ Gunsan SPFC was formed in 2010 and merged into SPFC in January 2013.⁵⁷

POSCO reported no other cross-owned producers and POSCO reported that it has no holding company parent.⁵⁸ Regarding these above-mentioned companies that were acquired by POSCO or by POSCO's cross-owned companies, POSCO provided responses for these companies. Our preliminary analysis indicates that these companies did not receive subsidies that conferred measurable benefits.⁵⁹

⁴⁵ See POSCO Affiliation QR at III-18 – III-19 and III-21; and POSCO May 17, 2018, Reporting Difficulties Letter at 5-6.

⁴⁶ See POSCO Affiliation QR at III-18 – III-19 and III-21; and POSCO May 17, 2018, Reporting Difficulties Letter at 5-6.

⁴⁷ See POSCO Affiliation QR at III-21.

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² *Id.* at III-24.

⁵³ *Id.* at III-25.

⁵⁴ See POSCO Affiliation QR at III-26, POSCO May 17, 2018, Reporting Difficulties Letter at 3-4, POSCO May 30 (Supplemental) Section III QR at POSCO M-Tech III-1.

⁵⁵ See POSCO Affiliation QR at III-25 – III-62; POSCO May 17, 2018, Reporting Difficulties Letter at 4-5; POSCO May 30 (Supplemental) Section III QR at POSCO M-Tech III-1 and III-32 – III-33

⁵⁶ See POSCO May 17, 2018, Notification of Reporting Difficulties Letter at 7.

⁵⁷ *Id.* at 7-8.

⁵⁸ See POSCO Affiliation QR at III-8 to III-9.

⁵⁹ See Memorandum, "Calculation for the Preliminary Results: POSCO," dated concurrently with this memorandum (POSCO Preliminary Calculation Memorandum).

C. Benchmarks and Discount Rates

Short-Term U.S. Dollar-Denominated Loans

Hyundai Steel and POSCO (and POSCO's cross-owned affiliates) reported receiving short-term import financing from the Korea Export-Import Bank (KEXIM) during the POR, short-term export factoring from KEXIM, short-term-export financing from KEXIM, payment guarantees from KEXIM, KEXIM and other bank's short-term discount loans for export receivables, short-term operating loans from Korea Development Bank (KDB), short-term factoring loans from government banks, operating and facilities loans from KDB, and import usance loans from KDB.⁶⁰ As benchmarks, respondents provided information about short-term loans from commercial banks for consideration as comparable commercial loans for purposes of identifying an interest rate benchmark. We preliminarily find that some of the loans that the respondents identified constitute comparable commercial loans, and it is appropriate to use these loans to calculate a weighted-average benchmark interest rate.⁶¹

Long-Term Korean Won, U.S. Dollar and French Franc-Denominated Loans and Credit Guarantees

During the POR, Hyundai Steel and POSCO had outstanding long-term Korean won, U.S. dollar, and euro-denominated loans from government-owned banks. As benchmarks for won-denominated long-term loans and as discount rates, we used, where available, the company-specific interest rates on the company's comparable commercial, won-denominated loans. If such loans were not available, we used, where available, the company-specific corporate bond rate on the company's public and private bonds, as we have determined that the GOK did not control the Korean domestic bond market after 1991.⁶² This is the approach Commerce has taken in several prior Korean CVD proceedings.⁶³ Specifically, in those cases, we determined that, absent company-specific, commercial long-term loan interest rates, the won-denominated corporate bond rate is the best indicator of the commercial long-term borrowing rates for won-

⁶⁰ See Hyundai Steel Initial QR at III-13 through III-17; POSCO Initial QR at POSCO III-12 – III-16 and III-33; PNR III-11, POSCO III-15 – III-17, III-40, and III-44; POSCO AST III-20 and III-32; POSCO M-Tech III-14 – III-15; POSCO P&S III-12 – III-13, III-22, and III-32; POSCO TMC III-11 – III-12; POS-Himetal III-11 – III-12; and SPFC III-11.

⁶¹ See Memorandum, "Calculations for the Preliminary Results: Hyundai Steel Co., Ltd.," dated concurrently with this memorandum (Hyundai Steel Preliminary Calculation Memorandum); POSCO Preliminary Calculation Memorandum.

⁶² See, e.g., *Final Negative Countervailing Duty Determination: Stainless Steel Plate in Coils from the Republic of Korea*, 64 FR 15530, 15531 (March 31, 1999) and "Analysis Memorandum on the Korean Domestic Bond Market" (March 9, 1999).

⁶³ *Id.*; see also *Final Affirmative Countervailing Duty Determination: Structural Steel Beams from the Republic of Korea*, 65 FR 41051 (July 3, 2000), and accompanying IDM at "Benchmark Interest Rates and Discount Rates;" and *Final Affirmative Countervailing Duty Determination: Dynamic Random Access Memory Semiconductors from the Republic of Korea*, 68 FR 37122 (June 23, 2003), and accompanying IDM at "Discount Rates and Benchmark for Loans."

denominated loans in Korea, because it is widely accepted as the market rate in Korea.⁶⁴ Where company-specific rates were not available, we used the national average of the yields on three-year, won-denominated corporate bonds, published in the International Monetary Fund's (IMF's) *International Financial Statistics (IFS Yearbook)*. This approach is consistent with 19 CFR 351.505(a)(3)(ii) and prior Korean CVD proceedings.⁶⁵ In accordance with 19 CFR 351.505(a)(2)(i), our benchmarks take into consideration the structure of the government-provided loans. For countervailable fixed-rate loans, pursuant to 19 CFR 351.505(a)(2)(iii), we used benchmark rates issued in the same year that the government loans were issued. For U.S. dollar-denominated bonds, we used the interest rates for United States Baa bonds published by Federal Reserve Bank of St. Louis.⁶⁶ POSCO reported outstanding "euro"-denominated credit guarantees⁶⁷ for long-term loans from a French financial institution and provided loan information for the covered loans. For these loans, we used French franc interest rates from the year of the loan agreement which we used in the CVD investigation of Non-Oriented Electrical Steel from the Republic of Korea.⁶⁸

D. Denominators

When selecting an appropriate denominator for use in calculating the *ad valorem* subsidy rate, Commerce considers the basis for the respondent's receipt of benefits under each program. As discussed in further detail below, where the program has been found to be countervailable as a domestic subsidy, we have used total sales as the denominator for our rate calculations for Hyundai Steel and POSCO. In the sections below, we describe the denominators we used to calculate the countervailable subsidy rates for the various subsidy programs.

E. Discount Rates

Consistent with 19 CFR 351.524(d)(3)(i)(A), we used, as our discount rate, the long-term interest rate calculated according to the methodology described above for the year in which the government provided non-recurring subsidies. The interest rate benchmarks and discount rates used in our preliminary calculations are provided in the Hyundai Steel Preliminary Calculation Memorandum.

⁶⁴ See *Final Affirmative Countervailing Duty Determinations and Final Negative Critical Circumstances Determinations: Certain Steel Products from Korea*, 58 FR at 37328, 37345-37346 (July 9, 1993).

⁶⁵ See, e.g., *Final Results of CORE from Korea 2006*, and accompanying IDM at "Benchmark for Long Term Loans."

⁶⁶ See <https://fred.stlouisfed.org/series/WBAA>, accessed September 26, 2018.

⁶⁷ POSCO identified the currency of these loan guarantees as Euro, but these loans and loan guarantees appear to be some of the same loans and loan guarantees on French Franc loans received before the launch of the Euro which POSCO reported in *Non-Oriented Electrical Steel From the Republic of Korea: Final Negative Countervailing Duty Determination and Final Negative Critical Circumstances Determination*, 79 FR 61605 (October 14, 2014) (*NOES from Korea*). See also POSCO analysis memo dated concurrently with this memo and accompanying Excel calculation spreadsheet.

⁶⁸ See *NOES from Korea* and accompanying IDM at 4.

V. USE OF FACTS OTHERWISE AVAILABLE

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

Section 776(c) of the Act provides that, when Commerce relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is “information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise.”⁶⁹ It is Commerce’s practice to consider information to be corroborated if it has probative value.⁷⁰ In analyzing whether information has probative value, it is Commerce’s practice to examine the reliability and relevance of the information to be used.⁷¹ However, the SAA emphasizes that Commerce need not prove that the selected facts available are the best alternative information.⁷²

Finally, under the new section 776(d) of the Act, Commerce may use any countervailable subsidy rate applied for the same or similar program in a CVD proceeding involving the same country, or, if there is no same or similar program, use a CVD rate for a subsidy program from a proceeding that the administering authority considers reasonable to use, including the highest of such rates.

For purposes of these preliminary results, we are applying FA in the circumstances outlined below.

A. Application of FA: Hyundai HYSCO and SPP Yulchon Energy

In its response, Hyundai Steel reported that it acquired the cold-rolling and coating assets and business of Hyundai HYSCO on December 31, 2013.⁷³ Hyundai HYSCO ceased to exist as an ongoing entity after July 1, 2015, when it was merged into Hyundai Steel.⁷⁴ Hyundai Steel also reported that it acquired all of the assets of SPP Yulchon Energy in June 2015, and SPP Yulchon Energy no longer exists as an ongoing entity.⁷⁵

⁶⁹ See, e.g., SAA at 870.

⁷⁰ See SAA at 870.

⁷¹ See, e.g., SAA at 869.

⁷² See SAA at 869-870.

⁷³ See Hyundai Steel Affiliation Response at III-18.

⁷⁴ *Id.*

⁷⁵ *Id.* at III-19.

In a supplemental questionnaire dated July 20, 2018, we requested that Hyundai Steel submit complete questionnaire responses for Hyundai HYSCO and SPP Yulchon Energy. Hyundai Steel responded by notifying Commerce of reporting difficulty, and it requested that Commerce modify its reporting instructions.⁷⁶ Specifically, Hyundai Steel stated that it could not report for Hyundai HYSCO for the period 2002 through 2005, because no records exist for this part of the AUL period.⁷⁷ Hyundai Steel also stated that it could not provide any response for SPP Yulchon Energy.⁷⁸ Hyundai Steel explained that SPP Yulchon Energy was in bankruptcy at the time of Hyundai Steel's acquisition, and that it purchased SPP Yulchon Energy from a bankruptcy trustee.⁷⁹ Hyundai Steel further explained that SPP Yulchon Energy's financial records are in the custody of the Korean bankruptcy court.⁸⁰ Hyundai Steel had requested these records from the court; however, the court has not responded, and it is unclear if Hyundai Steel's request will be approved.⁸¹ Hyundai Steel also tried to gather Commerce's requested information by purchasing the information in possession of the accounting corporation that acted as SPP Yulchon Energy's adviser during the bidding process to sell its assets in bankruptcy.⁸² Hyundai Steel submitted an index of this information to demonstrate that none of the information is relevant to Commerce's request.⁸³

In a letter dated August 8, 2018, Commerce informed Hyundai Steel that it was granting its request to be excused for reporting for Hyundai HYSCO for the period 2002 through 2005 and reporting for SPP Yulchon Energy.⁸⁴ Nucor Corporation informed Commerce on August 13, 2018, that it objected to Commerce's decision to grant Hyundai Steel's request to modify the reporting requirements.⁸⁵

Because Hyundai HYSCO and SPP Yulchon Energy were acquired by Hyundai Steel during the AUL period, we need to consider whether any non-recurring subsidies that HYSCO or SPP received could pass through to Hyundai Steel. Thus, we requested that Hyundai Steel submit complete questionnaire responses for Hyundai HYSCO and SPP Yulchon Energy. However, as described above, Hyundai Steel claims that it is unable to respond on behalf of Hyundai HYSCO for the 2002 through 2005 reporting period, and SPP Yulchon Energy due to its reporting difficulties. Accordingly, for purposes of these preliminary results, in accordance with section 776(a) of the Act, we are applying facts available, since necessary information is not on the record. As facts available, we are relying on subsidies information for Hyundai HYSCO from

⁷⁶ See Hyundai Steel letter, "RE: Certain Cold-Rolled Steel Flat Products from the Republic of Korea, Case No. C-580-882: Notification of Reporting Difficulty and Request to Modify Reporting Instructions," dated August 3, 2018 (Notification of Difficulty).

⁷⁷ *Id.* at 1.

⁷⁸ *Id.* at 5.

⁷⁹ *Id.* at 5.

⁸⁰ *Id.* at 6.

⁸¹ *Id.*

⁸² *Id.*

⁸³ *Id.*

⁸⁴ See Commerce letter to Hyundai Steel, dated August 8, 2018.

⁸⁵ See Nucor letter, "Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Response to Requests to Notifications of Reporting Difficulty," dated August 13, 2018.

the 2010 administrative review of Corrosion-Resistant Carbon Steel Flat Products from Korea.⁸⁶ Specifically, we are relying on the countervailing duty rate that was calculated for Hyundai HYSCO's non-recurring subsidies. The only non-recurring subsidy for Hyundai HYSCO during this period was for the "Promotion of Specialized Enterprises for Parts and Materials," in the amount of 0.01 percent *ad valorem*.⁸⁷ We are cumulating this 0.01 percent rate with the countervailing duty rate calculated for Hyundai Steel in this administrative review.

For SPP Yulchon Energy, as facts available, also pursuant to section 776(a) of the Act, we have treated Hyundai Steel's acquisition price as a non-recurring subsidy, as suggested by Hyundai Steel.⁸⁸ To calculate the benefit, we divided the acquisition price by Hyundai Steel's total sales in 2015,⁸⁹ consistent with our methodology for calculating the benefit of non-recurring subsidy. This results in a subsidy rate of 0.78 percent for 2015. In accordance with 19 CFR 351.507(c), we treated the benefit as a non-recurring subsidy and allocated the benefit over the AUL, pursuant to 19 CFR 351.524(d). On this basis, we determine that the acquisition of SPP Yulchon Energy provided a net subsidy rate of 0.07 percent *ad valorem* for the POR.

We intend to request additional information concerning SPP Yulchon Energy after these preliminary results. Hyundai Steel's responses concerning Hyundai HYSCO and SPP Yulchon Energy are subject to verification.

B. Application of FA: Ricco Metal

As explained above, in January 2013, Ricco Co. (Ricco Metal) merged with POSCO M-Tech and afterward no longer existed as a separate company.⁹⁰ POSCO M-Tech closed the former Ricco Metal's business and sold the assets in 2015.⁹¹ At that time, POSCO M-Tech disposed of certain of Ricco Metal's accounting records which pre-dated the 2013 merger.⁹² POSCO maintained accounting records during the period 2013 through 2014, but disposed of the bulk of the business records from before the merger in 2013 and does not have access to any records from after the sale of Ricco Metal's assets in 2015, as POSCO M-Tech no longer owned these assets, and as by 2016, Ricco Metal no longer existed.⁹³ However, POSCO M-Tech subsequently was able to respond with respect to certain non-recurring subsidies (*i.e.*, R&D grants) received by Ricco Metal during the period 2009 through 2012 by accessing accounting vouchers from the period

⁸⁶ See *Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2010*, 78 FR 19210 (March 29, 2013).

⁸⁷ See Memorandum, "Placing Documents on the Record of This Review: Hyundai Hysco," dated October 3, 2018.

⁸⁸ See Notification of Difficulty at 7.

⁸⁹ Hyundai Steel proposed this treatment of the acquisition in its Notification of Difficulty at 7.

⁹⁰ See POSCO Affiliation QR at III-25 - III-26, and POSCO May 30 (Supplemental) Section III QR at POSCO M-Tech III-7.

⁹¹ See POSCO May 17, 2018, Reporting Difficulties Letter at 2-4, and POSCO M-Tech POSCO August 15, 2018 SQR at 10-11.

⁹² *Id.*

⁹³ See POSCO May 17, 2018, Reporting Difficulties Letter at 2-4, and POSCO M-Tech POSCO August 15, 2018 SQR at 5, 7 and 10-11.

which it found that it still had on file.⁹⁴ Nevertheless, Ricco Metal reported that information was not available to determine the amount of any R&D grants received between 2002 and 2008.⁹⁵

Because Ricco Metal was acquired by POSCO M-Tech during the AUL, we need to consider whether any non-recurring subsidies that Ricco Metal received could pass through to POSCO M-Tech. Thus, we requested that complete questionnaire responses for Ricco Metal. However, as described above, POSCO M-Tech is unable to provide certain information for Ricco Metal for the 2002 through 2008 reporting period. Accordingly, in accordance with section 776(a) of the Act, for the purpose of these preliminary results, we have applied facts available with respect to Ricco Metal, because necessary information is not on the record. Thus, as facts available, we assume Ricco Metal used the same non-recurring subsidies during the years for which we are missing information. On this basis, we preliminarily determine Ricco Metal did not receive subsidies that conferred a measurable benefit.

VII. Analysis of Programs

A. Programs Preliminarily Determined to be Countervailable

1. Restriction of Special Location Taxation Act (RSLTA) - Local Tax Exemptions on Land Outside Metropolitan Areas – Article 78

In our Initial Questionnaire, we asked the GOK, Hyundai Steel, and POSCO to report the receipt of tax exemptions that were contingent upon the firms having facilities located outside of Korean metropolitan areas. In response, Hyundai Steel and POSCO reported receiving tax exemptions under Article 78 of the RSLTA.⁹⁶

The GOK administers the tax exemption program under Article 78 of the RSLTA to provide incentives for companies to relocate from populated areas in the Seoul metropolitan region to industrial sites in less populated parts of the country.⁹⁷ Under Article 78 of the RSLTA, any entity acquiring real estate in a designated industrial complex for the purpose of constructing new buildings or renovating existing ones shall be exempted from the acquisition tax.⁹⁸ In addition, the entity located in these designated industrial complexes shall have the property tax reduced by 50 percent on the real estate for five years from the date the tax liability becomes effective. The tax exemption is increased to 100 percent of the relevant land, buildings, or facilities that are located in an industrial complex outside of the Seoul metropolitan area. The program is administered by the local tax officials of the county where the industrial complex is

⁹⁴ See POSCO May 30 (Supplemental) Section III QR at POSCO M-Tech III-1, and POSCO August 15, 2018 SQR at 10-11.

⁹⁵ See POSCO May 30 (Supplemental) Section III QR at POSCO M-Tech III-1, Exhibit C-4, and Exhibit H-3, and POSCO August 15, 2018 SQR at 10-11.

⁹⁶ See Hyundai Steel Initial Questionnaire Response at III-19 and POSCO Initial QR at POSCO III-22 – III-23 and exhibits B-11 and B-16 – B-24; PNR III-14 and B-6 – B-8; POSCO Chemtech III-15 and B-12 – B-14; Pohang SRDC III-13 and B-1 – B-3; POSCO AST III-13 and B-1 – B-3; POSCO M-Tech III-13 and B-1 – B-3; POSCO P&S III-15 and B-2 – B-4, POSCO TMC III-13 and B-1 – B-3, and SPFC III-12 – III-13 and B-2 – B-5.

⁹⁷ See GOK Initial Questionnaire Response at 42-64.

⁹⁸ *Id.*

located.

Based on the above, we preliminarily determine that the tax reductions constitute a financial contribution in the form of revenue foregone, as described under section 771(5)(D)(ii) of the Act and confer a benefit to both Hyundai Steel and POSCO pursuant to section 771(5)(E) of the Act, and 19 CFR 351.509(a). We further preliminarily determine that the tax exemptions provided under this program are specific under section 771(5A)(D)(iv) of the Act because the subsidies are limited to enterprises located within designated geographical regions. Our findings in this regard are consistent with prior Korean CVD proceedings.⁹⁹

The tax credits provided under this program are recurring benefits, because the taxes are due annually. Thus, the benefit is expensed in the year in which it is received.¹⁰⁰ To calculate the benefit, we subtracted the amount of taxes paid by the firms from the amounts that would have been paid absent the program. To calculate the net subsidy rate, we divided the total benefit by the total sales of the respective company. On this basis, we preliminarily determine the net subsidy rate under the Article 78 program for Hyundai Steel to be 0.05 percent *ad valorem*.¹⁰¹ For POSCO, we preliminarily determine the net subsidy rate to be less than 0.005 percent, which does not result in a measurable benefit.¹⁰²

Hyundai Steel also reported the receipt of additional local tax reductions in connection with facilities located outside of Korean metropolitan areas. Specifically, Hyundai Steel reported receiving local tax exemptions under RSLTA Articles 19, 31, 46, 47-2, 57-2, 84, 109, and 112.¹⁰³

In the case of POSCO and its cross-owned affiliates, the respective tax savings it reported receiving under RSLTA Articles 78(1), 78(2), and 78(8) during the POR were less than 0.005 percent of its total sales and, therefore, are not measurable. However, as discussed separately below, POSCO, PNR, Pohang SRDC, POSCO AST, POSCO Chemtech, POSCO M-Tech, POSCO P&S, POSCO TMC, and SPFC also reported tax savings under RSTLA Article 78(4). In the case of Hyundai Steel, the respective tax savings it reported receiving under RSLTA Articles 19, 31, 46, 47-2, 84, 109, and 112 during the POR were less than 0.005 percent of its

⁹⁹ See, e.g., *Coated Free Sheet Paper from the Republic of Korea: Notice of Final Affirmative Countervailing Duty Determination*, 72 FR 60639 (October 25, 2007) (*CFS from Korea*) and accompanying IDM at 12; see also *Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2010*, 78 FR 19210 (March 29, 2013) and accompanying IDM at 22; see also *Certain Cut-to-Length Carbon-Quality Steel Plate from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; and Rescission of Countervailing Duty Administrative Review, in Part*, 83 FR 32840 (July 26, 2018) (*CTL Plate 2016*) and accompanying IDM at 8.

¹⁰⁰ See 19 CFR 351.524(a).

¹⁰¹ See Hyundai Steel Preliminary Calculation Memorandum.

¹⁰² See POSCO Preliminary Calculation Memorandum. See also *Certain Hot-Rolled Carbon Steel Flat Products from India: Notice of Preliminary Results and Partial Rescission of Countervailing Duty Administrative Review*, 73 FR 79791, 79800 (December 30, 2008); in which Commerce refrained from determining whether a subsidy benefit constituted a financial contribution or was specific under the statute when the resulting net subsidy rate was less than 0.005 percent *ad valorem*; unchanged in *Certain Hot-Rolled Carbon Steel Flat Products from India: Final Results and Partial Rescission of Countervailing Duty Administrative Review*, 74 FR 20923 (May 6, 2009) (*HRS from India*) and accompanying IDM at “Programs Found Not To Confer a Countervailable Benefit During the POR.”

¹⁰³ See Hyundai Steel Initial QR at III-20.

total sales and therefore are not measurable. Therefore, we preliminarily determine that only the Article 78 tax exemptions conferred any benefit under the RLSTA programs during the POR, and that benefit is solely attributed to Hyundai Steel at a rate of 0.05 percent *ad valorem*.

POSCO, PNR, Pohang SRDC, POSCO AST, POSCO Chemtech, POSCO M-Tech, POSCO P&S, POSCO TMC, and SPFC also, reported receiving partial exemptions from local acquisition taxes and local property taxes under paragraph (4) of RSLTA Article 78.¹⁰⁴ Acquisition and property tax exemptions under Article 78(4) of the RSLTA are available to persons other than project implementers in an industrial complex for properties acquired by construction or expansion, or acquired after substantial repair of an industrial buildings, etc.¹⁰⁵ The program is administered by the local governments in Korea.¹⁰⁶ The purpose of the program is to promote the development of the underdeveloped areas in Korea and to appropriately allocate the industries nationwide.¹⁰⁷

In the underlying investigation, we examined this program.¹⁰⁸ The GOK reported that there were no changes to this program during the POR.¹⁰⁹ Thus, we preliminarily determine that the tax reductions constitute a financial contribution in the form of revenue foregone, as described under section 771(5)(D)(ii) of the Act, and a benefit under section 771(5)(E) of the Act and 19 CFR 351.509(a). We further determine that the tax exemptions provided under this program are specific under section 771(5A)(D)(iv) of the Act because benefits are provided by local governments to enterprises located within designated industrial complexes within their respective jurisdictions. To calculate the benefits for POSCO, PNR, Pohang SRDC, POSCO AST, POSCO Chemtech, POSCO M-Tech, POSCO P&S, POSCO TMC, and SPFC, we divided the amount of the tax savings by appropriate sales during the POR. On this basis, we preliminarily determine that only POSCO and POSCO M-Tech received a countervailable subsidy rate of 0.06 percent *ad valorem* under this program.¹¹⁰

POSCO reported receiving tax savings under RSLTA Article 57(2), RSTA Article 8-3, RSTA Article 10-2, RSTA Article 94, and Article 57 of the Corporate Tax Act. However, the information provided concerning these tax exemptions do not indicate that the GOK limited these programs to certain enterprises or industries.¹¹¹ Thus, we preliminarily find these programs not to be specific for purpose of these preliminary results. We intend to seek further information on specificity after the preliminary results.

¹⁰⁴ See POSCO Initial QR at POSCO III-18 and Exhibits B-1, B-2, and B-3.
See GOK SQR Appendix 21, page 184.

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ See *Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Preliminary Negative Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 80 FR 76567 (December 22, 2015) (*Cold-Rolled Steel from Korea Preliminary Determination*) and accompanying PDM at 18 (unchanged in *Cold-Rolled Steel from Korea Final Determination*).

¹⁰⁹ See GOK SQR page 8.

¹¹⁰ See POSCO Preliminary Calculation Memo and the accompanying Excel spreadsheet.

¹¹¹ See Hyundai Steel Initial QR at Exhibit C-9. See also POSCO Initial QR at POSCO III-19, III-45, POSCO Chemtech III-12, and POSOC P&S III-14 and III-22.

2. Tax Deduction Under Restriction of Special Taxation Act (RSTA) Article 26: GOK Facilities Investment Support

POSCO and Hyundai Steel reported receiving tax exemptions under RSTA Article 26.¹¹² Under Article 26 of the RSTA, the GOK provides tax incentives to companies that make investments in their respective fields of business. Under RSTA Article 26, taxpayers are permitted to apply for a tax deduction from the income tax or corporate tax of the qualifying investment. The following company categories qualify for the tax incentives provided under the program: (1) a small- or medium-sized enterprise, (2) a “transitioning” company, or (3) “any other company.” The GOK stated that no were changes made to this program during the POR.¹¹³ Hyundai Steel claimed tax credits under this program on the tax return filed during the POR.¹¹⁴

We preliminarily determine that the tax reductions under RSTA Article 26 constitute a financial contribution in the form of revenue foregone, as described under section 771(5)(D)(ii) of the Act and confer a benefit pursuant to section 771(5)(E) of the Act, and 19 CFR 351.509(a). We further preliminarily determine that the tax exemptions provided under this program are specific under section 771(5A)(D)(iv) of the Act, because benefits are limited to enterprises located within designated geographical regions. Our findings in this regard are consistent with prior Korean CVD proceedings.¹¹⁵

To calculate the benefit for Hyundai Steel, we subtracted the amount of taxes paid by the firms from the amount that would have been paid absent the program. To calculate the net subsidy rate, we divided the total benefit by the total sales of the company. On this basis, we preliminarily determine the net subsidy rate under this program during the POR to be 0.42 percent *ad valorem* for Hyundai Steel.

In the case of POSCO, to calculate the benefits for POSCO, we divided the amount of the tax savings by POSCO’s total sales during the POR. On this basis, we preliminarily determine that POSCO received a countervailable subsidy rate of 0.27 percent *ad valorem* under this program.¹¹⁶

3. RSTA Article 104(15): Development of Overseas Resources

POSCO reported that it received tax exemptions under RSTA Article 104(15).¹¹⁷ This program was introduced to develop overseas resources and secure stable supply of energy resources and to strengthen the effectiveness of tax support by providing tax deduction to investments on an

¹¹² See POSCO Initial QR at POSCO III-21 and Exhibits B-14 and B-15; and Hyundai Steel Initial QR at III-18.

¹¹³ See GOK Initial QR at 42.

¹¹⁴ See Hyundai Steel Initial QR at III-18.

¹¹⁵ See *CTL Plate 2015 Preliminary Results* and accompanying PDM at 13, unchanged in *Certain Cut-to-Length Carbon-Quality Steel Plate from the Republic of Korea: Final Results of Countervailing Duty Administrative Review and Rescission of Countervailing Duty Administrative Review, in Part*, 82 FR 39410 (August 18, 2017) (*CTL Plate 2015 Final Results*) and accompanying IDM at 6. See also *CTL Plate 2016 Preliminary Results* and accompanying PDM at 9.

¹¹⁶ See POSCO Preliminary Calculation Memo and the accompanying Excel spreadsheet.

¹¹⁷ See POSCO Initial QR at POSCO III-26 and Exhibits B-32 and B-33.

overseas local corporation by a national corporation.¹¹⁸ Under Article 104-15 of the RSTA, when a business operator specializing in the development of overseas resources makes investments or contributions on or before December 31, 2013, in order to develop mineral resources, the income tax or the corporate tax shall be reduced by an amount equivalent to 3/100 of the invested or contributed amount.¹¹⁹

The GOK reported that there were no changes to this program during the POR.¹²⁰ Thus, we preliminarily determine that the tax reductions under this program constitute a financial contribution in the form of revenue foregone, as described under section 771(5)(D)(ii) of the Act and confer a benefit pursuant to section 771(5)(E) of the Act, and 19 CFR 351.509(a). We preliminarily determine that this program is *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act because this program is limited to companies that are investing in development of foreign resources in a specific sector such as mining.¹²¹

To calculate the benefits for POSCO, we divided the amount of the tax savings by POSCO's total sales during the POR. On this basis, we preliminarily determine that POSCO received a countervailable subsidy rate of 0.07 percent *ad valorem* under this program.¹²²

4. RSTA Article 11: Tax Credit for Investment in Facilities for Research and Manpower

POSCO reported that it received tax exemptions under RSTA Article 11.¹²³ The program provides for tax deductions as a percentage of facility investments on R&D according to the size of the company: if investments are made on the facilities for R&D or commercialization of new technologies (excluding used goods and investment using the lease instruments described under the Enforcement Decree) until December 31 of 2018, the amount equal to 1 percent of the investments (3 percent for medium-sized companies, and 6 percent for small-sized companies) shall be deducted from the income tax or corporate tax of the year when the investment has been completed.¹²⁴ Commerce previously determined that this program was countervailable in *Cold-Rolled Steel from Korea Final Determination*.¹²⁵

The GOK reported that there were no changes to this program during the POR.¹²⁶ Thus, we preliminarily determine that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii)(I) of the Act because the actual number of recipients is limited. This program results in a financial contribution from the GOK to recipients in the form of revenue foregone, as described in section 771(5)(D)(ii) of the Act and confers a benefit pursuant to section 771(5)(E) of the Act, and 19 CFR 351.509(a).

¹¹⁸ GOK August 15, 2018 SQR at Appendix 34, page 261.

¹¹⁹ GOK August 15, 2018 SQR at Appendix 34, page 261.

¹²⁰ See GOK Initial QR at 11.

¹²¹ *Id.*

¹²² See POSCO Preliminary Calculation Memo and the accompanying Excel spreadsheet.

¹²³ See POSCO Initial QR at POSCO III-25 and Exhibits B-28 and B-29.

¹²⁴ GOK August 15, 2018 SQR at Appendix 34, page 277 and 281-282.

¹²⁵ See *Cold-Rolled Steel from Korea* and accompanying IDM at 32.

¹²⁶ See GOK Initial QR at 8.

To calculate the benefits for POSCO, we divided the amount of the tax savings by POSCO's total sales during the POR. On this basis, we preliminarily determine that POSCO received a countervailable subsidy rate of 0.13 percent *ad valorem* under this program.¹²⁷

14. RSTA Article 25(3): Tax Credit for Investment in Environmental and Safety Facilities

POSCO and POSCO Chemtech reported that it received tax exemptions under RSTA Article 25(3).¹²⁸ Introduced in 2007, RSTA Article 25(3) aims to motivate investments in facilities that are constructed for the purpose of preserving the environment.¹²⁹ Any entity making an investment in facilities under this program may apply for a ten percent tax deduction.¹³⁰ Commerce previously determined that this program was countervailable in the *Cold-Rolled Steel from Korea Final Determination*.¹³¹

The GOK reported that there were no changes to this program during the POR.¹³² Thus, we preliminarily determine that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii)(I) of the Act because the actual number of recipients is limited. This program results in a financial contribution from the GOK to recipients in the form of revenue foregone, as described in section 771(5)(D)(ii) of the Act and confers a benefit pursuant to section 771(5)(E) of the Act, and 19 CFR 351.509(a).

To calculate the benefits for POSCO and POSCO Chemtech, we divided the amount of the tax savings by the appropriate sales denominator during the POR. On this basis, we preliminarily determine that POSCO received a countervailable subsidy rate of 0.14 percent *ad valorem* under this program.¹³³

16. RSTA Article 30: Special Depreciation Tax Credit

POSCO reported that it received tax exemptions under RSTA Article 30.¹³⁴ Under Article 30 of the RSTA, a company that acquires certain fixed assets for use for business purposes may deduct depreciation costs related to those assets based on useful lives that differ from those used to calculate depreciation for financial accounting reporting purposes.¹³⁵ Commerce previously

¹²⁷ See POSCO Preliminary Calculation Memo and the accompanying Excel spreadsheet.

¹²⁸ See POSCO Initial QR at POSCO III-21 and Exhibits B-12 and B-13; and POSCO Chemtech III-14 and Exhibits B-10 and B-11.

¹²⁹ See *Cold-Rolled Steel from Korea Preliminary Determination* and accompanying PDM at 18 (unchanged in *Cold-Rolled Steel from Korea Final Determination*).

¹³⁰ *Id.*

¹³¹ *Id.*

¹³² See GOK Initial QR at 7.

¹³³ See POSCO Preliminary Calculation Memo and the accompanying Excel spreadsheet.

¹³⁴ See POSCO Initial QR at POSCO III-26 and Exhibits B-30 and B-31.

¹³⁵ See *Cold-Rolled Steel from Korea Final Determination* and the accompanying IDM at 32.

determined that this program was countervailable in the *Cold-Rolled Steel from Korea Final Determination*.¹³⁶

The GOK reported that there were no changes to this program during the POR.¹³⁷ Thus, we preliminarily determine that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii)(I) of the Act because the actual number of recipients is limited. This program results in a financial contribution from the GOK to recipients in the form of revenue foregone, as described in section 771(5)(D)(ii) of the Act and confers a benefit pursuant to section 771(5)(E) of the Act, and 19 CFR 351.509(a).

To calculate the benefits for POSCO, we divided the amount of the tax savings by POSCO's total sales during the POR. On this basis, we preliminarily determine that POSCO received a countervailable subsidy rate of 0.01 percent *ad valorem* under this program.¹³⁸

17. Technical Development Fund RSTA Article 9, formerly TERCL Article 8)

POSCO and POSCO Chemtech reported that it received tax exemptions under RSTA Article 9.¹³⁹ Under Article 9 of the RSTA, a corporation that has accumulated reserves for research and human resources development may deduct the reserves up to an amount equal to three percent of its net income for the tax year, independent of the actual expenditures for research and development and human resources during the tax year.¹⁴⁰ Commerce previously determined that this program was countervailable in the *Cold-Rolled Steel from Korea Final Determination*.¹⁴¹

The GOK reported that there were no changes to this program during the POR.¹⁴² Thus, we preliminarily determine that this program is *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act. This program results in a financial contribution from the GOK to recipients in the form of revenue foregone, as described in section 771(5)(D)(ii) of the Act and confers a benefit pursuant to section 771(5)(E) of the Act, and 19 CFR 351.509(a).

To calculate the benefits for POSCO and POSCO Chemtech, we divided the amount of the tax savings by appropriate sales denominator during the POR. On this basis, we preliminarily determine that POSCO received a countervailable subsidy rate of 0.73 percent *ad valorem* under this program.¹⁴³

18. Restriction of Special Taxation Agreement (RSTA) Article 10(1)(3): Tax Reduction for Research and Human Resources Development

¹³⁶ *Id.*

¹³⁷ See GOK Initial QR at 10.

¹³⁸ See POSCO Preliminary Calculation Memo and the accompanying Excel spreadsheet.

¹³⁹ See POSCO Initial QR at POSCO III-25 and Exhibits 21, B-26 and B-27.

¹⁴⁰ See *Cold-Rolled Steel from Korea Final Determination* and the accompanying IDM at 31.

¹⁴¹ See *Cold-Rolled Steel from Korea Final Determination* and the accompanying IDM at 32.

¹⁴² See GOK Initial QR at 10.

¹⁴³ See POSCO Preliminary Calculation Memo and the accompanying Excel spreadsheet.

POSCO Chemtech reported that it received tax exemptions under RSTA Article 10(1)(3).¹⁴⁴ Administered under the Tax Deduction on Research and Workforce Development Act, this program aims to facilitate Korean corporate investment in research and development activities through a reduction of taxes payable for eligible expenditures.¹⁴⁵ Commerce previously determined that this program was countervailable in the *Cold-Rolled Steel from Korea Final Determination*.¹⁴⁶

The GOK reported that there were no changes to this program during the POR.¹⁴⁷ Thus, we preliminarily find this program *de facto* specific under section 771(5A)(D)(iii)(I) of the Act because the actual recipients are limited in number. The tax credits provided under this program constitute financial contributions in the form of revenue foregone by the government under section 771(5)(D)(ii) of the Act, and this program provides a benefit to the recipient in the amount of the difference between the taxes it paid and the amount of taxes that it would have paid in the absence of this program, pursuant to 19 CFR 351.509(a)(1).

To calculate the benefits for POSCO, we divided the amount of the tax savings by POSCO's total sales during the POR. On this basis, we preliminarily determine that POSCO received a countervailable subsidy rate of 0.24 percent *ad valorem* under this program.¹⁴⁸

19. RSTA Article 25(2): Tax Deductions for Investments in Energy Economizing Facilities

POSCO Chemtech reported that it received tax exemptions under RSTA Article 25(2).¹⁴⁹ The purpose of this program is to facilitate the enhancement of energy efficiency in business sectors through a deduction from taxes payable.¹⁵⁰ Commerce previously determined that this program was countervailable in the *Cold-Rolled Steel from Korea Final Determination*.¹⁵¹

The GOK reported that there were no changes to this program during the POR.¹⁵² Thus, we preliminarily find this program *de facto* specific within the meaning of section 771(5A)(D)(iii)(I) of the Act because the actual number of recipients is limited. This program results in a financial contribution from the GOK to recipients in the form of revenue foregone, as described in section 771(5)(D)(ii) of the Act. The benefit conferred on the recipient is the difference between the amount of taxes it paid and the amount of taxes that it would have paid in the absence of this program, as described in 19 CFR 351.509(a), effectively, the amount of the tax credit claimed.

¹⁴⁴ See POSCO Initial QR at POSCO Chemtech III-20 and Exhibits B-5 and B-6.

¹⁴⁵ See *Cold-Rolled Steel from Korea Preliminary Determination* and accompanying PDM at 13-14 (unchanged in *Cold-Rolled Steel from Korea Final Determination*).

¹⁴⁶ *Id.*

¹⁴⁷ See GOK Initial QR at 7.

¹⁴⁸ See POSCO Preliminary Calculation Memo and the accompanying Excel spreadsheet.

¹⁴⁹ See POSCO Initial QR at POSCO Chemtech III-20 and Exhibits B-5 and B-6.

¹⁵⁰ See *Cold-Rolled Steel from Korea Preliminary Determination* and the accompanying preliminary decision memorandum, page 17-18 (unchanged in *Cold-Rolled Steel from Korea Final Determination*).

¹⁵¹ *Id.*

¹⁵² See GOK Initial QR at 5.

To calculate the benefits for POSCO Chemtech, we divided the amount of the tax savings by the appropriate sales denominator during the POR. On this basis, we preliminarily determine that POSCO Chemtech received a countervailable subsidy rate of 0.02 percent *ad valorem* under this program.¹⁵³

3. Electricity Discounts under Trading of Demand Response Resources (DRR) Program

Hyundai Steel used the Trading of Demand Response Resources (DRR) Program during the POR.¹⁵⁴ The legal basis for this program is Article 31(5) of the Electricity Business Law (EBL) and Chapter 12 of the Rules on Operation of Electricity Utility Market (ROEUM).¹⁵⁵ Chapter 12 of the ROEUM governs the program's operations, the purpose of which is to smooth imbalances between supply and demand of power provision by creating a competitive marketplace for the price of demand response resources. The program is divided into two sub-programs, Demand Response Peak Curtailment and Demand Response Program for Electricity Price Curtailment. The former program is designed to curtail load during peak electricity demand periods, and the latter is intended to minimize power generation costs through price competition.¹⁵⁶ The Korean Power Exchange (KPX) operates both programs.¹⁵⁷ KPX is majority-owned by the Korea Electric Power Corporation (KEPCO), which is, in turn, majority-owned by the GOK.¹⁵⁸

The law does not limit eligibility to a specific enterprise or industry or group thereof, in accordance with section 771(5A) (D)(i) of the Act. However, the GOK submits that limited number of companies were approved for the assistance under this program in the POR,¹⁵⁹ though participation in it is available to "all entities" in Korea.¹⁶⁰ We, therefore, preliminarily determine that this program is *de facto* specific under section 771(5A) (D)(iii)(I) of the Act, as the actual recipients are limited in number. Our findings in this regard is consistent with Commerce's approach in prior CVD proceedings involving Korea.¹⁶¹

Under this program, the KPX pays multiple private Demand Management Business Operators, also called "aggregators," which have direct, contractual relationships with end users of the program.¹⁶² End users receive payments from those aggregators. Prior to that exchange between the KPX and the aggregators, KEPCO pays the KPX for the latter's role in demand curtailment

¹⁵³ See POSCO Preliminary Calculation Memo and the accompanying Excel spreadsheet.

¹⁵⁴ See Hyundai Steel Initial QR at III-29 and Exhibit GRANTS-13; see GOK Initial QR at 254.

¹⁵⁵ See GOK Initial QR at 240-263.

¹⁵⁶ *Id.* at 253.

¹⁵⁷ *Id.*

¹⁵⁸ *Id.* at 258.

¹⁵⁹ See GOK Initial QR at 263. See also *CTL Plate 2016 Preliminary Results* and accompanying PDM at 13.

¹⁶⁰ See GOK Initial QR at 261.

¹⁶¹ See *CTL Plate 2016 Preliminary Results* and accompanying PDM at 9, unchanged in *CTL Plate 2016 Final Results* and accompanying IDM at 5.

¹⁶² *Id.* at 253.

under the program.¹⁶³ Consistent with our prior findings, we preliminarily find KEPCO to be an “authority” within the meaning of section 771(5)(B) of the Act.¹⁶⁴ Therefore, we determine that a financial contribution in the form of a direct transfer of funds from KPX is provided to companies participating in this program under section 771(5)(D)(i) of the Act, and a benefit exists in the amount of the grant provided to Hyundai Steel and POSCO in accordance with 19 CFR 351.504(a). Our findings in this regard are consistent with prior Korean CVD proceedings.¹⁶⁵

Because we found no evidence on the record indicating that subsidies under the DRR program were tied to export sales, we used the total sales of Hyundai Steel as a denominator to determine the countervailable benefit under this program during the POR. On this basis we preliminarily determine the net subsidy rate (*i.e.*, electrical payments received from the GOK) that Hyundai Steel received under this program to be 0.06 percent *ad valorem*.

4. Various Research and Development Grants Provided Under the Industrial Technology Innovation Promotion Act

Funding for research and development projects under the Industrial Technology Innovation Promotion Act (ITIPA) is designed to enhance the competitiveness of Korea’s national economy through the development of industrial technologies.¹⁶⁶ The legal basis of this program is Article 11 of the Industrial Technology Innovation Promotion Act and relevant regulations. Under these provisions, the Ministry of Trade, Industry and Energy (MOTIE) is authorized to regulate and operate this program, and the Korea Evaluation Institute of Industrial Technology (KEIT), the Korea Institute of Energy Technology Evaluation and Planning (KETEP), and the Korea Industrial Complex Corporation (KICOX) are authorized to administer this program. To implement this program, KEIT, KETEP, and KICOX prepare a basic plan each year for the development of industrial technology.¹⁶⁷

The plan includes the technology research and development (R&D) that KEIT, KETEP, and KICOX intend to pursue, and describes the application process and supporting documentation required from potential participants. According to the GOK, any person seeking to participate in one of the projects described in KEIT’s basic plan then prepares an industrial technology development business plan that conforms to the requirements set forth in the basic plan and submits that business plan to the Review Committee established by MOTIE. The Review Committee then evaluates the business plans submitted to verify their conformity with the terms and conditions set forth in the basic plan. If the business plans conform with the basic plan, MOTIE and the applicants for the program sign a contract.¹⁶⁸

¹⁶³ *Id.* at 256.

¹⁶⁴ See *CTL Plate 2016 Preliminary Results* and accompanying PDM at 10. See also *CTL Plate 2015 Preliminary Results* and accompanying PDM at 13.

¹⁶⁵ See *CTL Plate 2015 Preliminary Results* and accompanying PDM at 13, unchanged in *CTL Plate 2015 Final Results* and accompanying IDM at 20-22. See also *CTL Plate 2016 Preliminary Results* and accompanying PDM at 9-11 (unchanged in *CTL Plate Final Results 2016*).

¹⁶⁶ See GOK Initial QR at 230.

¹⁶⁷ *Id.* at Exhibit ITIPA-1.

¹⁶⁸ *Id.*

We preliminarily determine the ITIPA program to be *de jure* specific under section 771(5A)(D)(i) of the Act, because it is limited by law to projects in the basic plan that KEIT forecasts will support the development of the Korean national economy. For the portion of the subsidy that does not have to be repaid, we preliminarily determine that a financial contribution was provided within the meaning of section 771(5)(D)(i) of the Act because the GOK's payments constitute a direct transfer of funds, and a benefit exists in the amount of the grant provided in accordance with section 771(5)(E) of the Act and 19 CFR 351.504(a). Our findings in this regard are consistent with Commerce's prior Korean CVD proceeding.¹⁶⁹

During the POR, Hyundai Steel and POSCO received various R&D grants pursuant to the ITIPA.¹⁷⁰ The names of the R&D projects in which Hyundai Steel and POSCO has participated are business proprietary and, thus, cannot be disclosed in this decision memorandum.¹⁷¹ We find no evidence on the record indicating that subsidies under the ITIPA program were tied to export sales. Therefore, we divided the total grants received under ITIPA by the total sales of Hyundai Steel in order to determine whether this program conferred a countervailable benefit during the POR.¹⁷² Accordingly, we preliminarily determine the net subsidy rate that Hyundai Steel received under this program to be 0.01 percent *ad valorem*.

In the case of POSCO, the benefits received under the ITIPA R&D grants program were less than 0.005 percent of its total sales and, therefore, are not measurable.

5. Modal Shift Program

The GOK established this grant program in 2010 in order to decrease greenhouse gas emissions in the transportation and logistics sector. Specifically, through this program, the GOK aims to increase the transport volume by railroad and vessels, in order to decrease the transport volume by heavy freight motorized vehicles.¹⁷³ Under this program, the GOK provides grants from the Ministry of Land, Infrastructure and Transport to administering agencies for truck-to-rail "modal shift" entities and grants from the Ministry of Oceans and Fisheries to administering agencies for truck-to-marine freight "modal shift" entities. The legal framework for this program is Article 21 of the Sustainable Transportation Logistics Development Act, Article 24 of its Enforcement Decree, and Articles 14 through 17 of the Regulation on Modal Shift Agreement as promulgated by the Ministry of Finance (MOF).¹⁷⁴

¹⁶⁹ See 2015 CTL Plate 2015 Preliminary Results and accompanying PDM at 14, unchanged in CTL Plate 2015 Final Results and accompanying IDM at 6. See also CTL Plate 2016 Preliminary Results and accompanying PDM at 11.

¹⁷⁰ See Hyundai Steel Initial QR at III-31 through III-34.

¹⁷¹ For a listing of the various R&D projects for which Hyundai Steel received grants, see Hyundai Steel Preliminary Calculation Memorandum.

¹⁷² See CTL Plate 2016 Preliminary Results and accompanying PDM at 12, unchanged in CTL Plate 2016 Final Results and accompanying IDM at 5.

¹⁷³ See GOK Initial QR at 221 for a description of the program.

¹⁷⁴ *Id.* at 223.

We preliminarily determine that a financial contribution from the GOK exists in the form of a direct transfer of funds under section 771(5)(D)(i) of the Act. Furthermore, we find that the law does not limit eligibility to a specific enterprise or industry or group thereof, in accordance with section 771(5A)(D)(i) of the Act. However, the GOK submits that, for the period between 2012 through 2016, there were a limited number of companies that were approved for/received assistance under this program.¹⁷⁵ Because the number of companies that received assistance under this program for these years was limited in number, we preliminarily determine that this program is *de facto* specific under section 771(5A)(D)(iii)(I) of the Act, because the actual recipients are limited in number.¹⁷⁶ Our findings are consistent with Commerce's prior Korean proceedings.¹⁷⁷

Hyundai Steel reported that it used this program and received grants during the POR.¹⁷⁸ The criterion that Hyundai Steel had to meet to qualify for assistance was to shift some of its truck transportation to shipping by boat in order to promote a low-carbon transportation logistics system by reducing greenhouse gas emissions. Because the proposals were consistent with the Sustainable Transportation Logistics Development Act, the proposals were approved by the Korean Shipping Association.¹⁷⁹

We find no evidence on the record indicating that subsidies under this program are tied to export sales. To calculate the benefit to Hyundai Steel that it received under this grant program during the POR, we divided the value of the grant that it received by its total sales. Accordingly, we preliminarily determine the net subsidy rate that Hyundai Steel received under this program is 0.01 percent *ad valorem*.

6. Suncheon Harbor

The GOK established this program in 1976 under the Harbor Act in order to compensate companies that have constructed port facilities with their own funds and have made donations to the government. The GOK authority in charge of administering this program is the Ministry of Ocean and Fishery. According to the GOK, Hyundai HYSCO, which merged with Hyundai Steel, needed to construct the Suncheon port for its business, and transferred its ownership to the Korean government under Korean law.¹⁸⁰ In exchange for the donation of the port to the GOK, Hyundai Steel is exempted from the port usage fee payment until the exempted fee amount reaches the amount invested to construct the port.¹⁸¹ Because the number of companies that were

¹⁷⁵ *Id.* at 228 (BPI) for a more complete description of the number of companies involved in the program.

¹⁷⁶ See e.g., *NOES from Korea* and accompanying IDM at 11 and 13; see also *Welded Line Pipe from Korea* and accompanying IDM at 36; see also Statement of Administrative Action (SAA) accompanying H.R. 5110, H.R. Doc. No. 316, 103d Cong., 2d Sess. 911, 929 (1994) (“{t}he Administration intends to apply the specificity test in light of its original purpose, which is to function as an initial screening mechanism to winnow out only those foreign subsidies which truly are broadly available and widely used throughout an economy.”).

¹⁷⁷ See *CTL Plate 2016 Preliminary Results* and accompanying PDM at 12 (unchanged in *CTL Plate Final Results 2016*).

¹⁷⁸ See Hyundai Steel Initial QR at III-34.

¹⁷⁹ *Id.* at Exhibit GRANTS-19.

¹⁸⁰ See GOK Initial QR at 55.

¹⁸¹ *Id.* at 57.

approved and received assistance under this program is limited in number, we preliminarily determine that this program is *de facto* specific under 771(5A)(D)(iii)(I) of the Act, because the actual recipients are limited in number.¹⁸² Furthermore, we preliminarily determine that a financial contribution exists in the form of revenue foregone, as described under section 771(5)(D)(ii) of the Act, and confer a benefit pursuant to section 771(5)(E) of the Act, and 19 CFR 351.509(a).

To calculate the net subsidy rate, we divided the total benefit by the total sales of the company. On this basis, we determine the net subsidy rate under this program that Hyundai Steel received under this program during 2016 to be 0.02 percent *ad valorem*.

7. Loans and Credits - KEXIM Overseas Investment Credit Program

POSCO and PDC reported receipt of loans under this program.¹⁸³ Beginning in 1976, this program provides financial assistance from KEXIM to Korean companies through capital contributions, as well as through the acquisition of stocks and provision of long-term funds, thus enabling Korean companies to make foreign investments.¹⁸⁴ Commerce previously determined that this program was countervailable in *Cold-Rolled Steel from Korea Final Determination*.¹⁸⁵ The GOK reported that there were no changes to this program during the POR.¹⁸⁶ Thus, we preliminarily determine that because KEXIM is an authority under section 771(5)(B) of the Act, this program results in a financial contribution in the form of a direct transfer of funds through loans under section 771(5)(D)(i) of the Act. We also preliminarily determine that this program is *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act because this program is limited to companies that are investing in foreign mines pursuant to Article 18(1)(5) of the KEXIM Act, Article 15(1) of its Enforcement Decree, and Articles 67 through 69 of KEXIM's Regulation Governing Financing Operations.

To calculate the benefit under this program, we used the benchmarks described in the "Loan Benchmarks and Interest Rates" section above, as well as the methodology described in 19 CFR 351.505(c) to calculate the interest that PDC and POSCO would have paid on a comparable commercial loan during the POR and divided that benefit by the appropriate sales. On this basis, we preliminarily determine that POSCO and PDC received a countervailable subsidy rate of 0.01 percent *ad valorem* under this program.¹⁸⁷

8. Korea Development Bank (KDB) and Other Policy Banks' Short-Term Discounted Loans for Export Receivables

POSCO and PDC received export financing from the KDB and other GOK policy banks for its

¹⁸² See GOK SQR at 61.

¹⁸³ See POSCO Initial QR at PDC III-14 – II-15 and Exhibit A-7 – Exhibit A-10.

¹⁸⁴ See *Cold-Rolled Steel from Korea Preliminary Determination* and the accompanying PDM 21-22 (unchanged in *Cold-Rolled Steel from Korea Final Determination*).

¹⁸⁵ *Id.* at 14-15 (unchanged in *Cold-Rolled Steel from Korea Final Determination*).

¹⁸⁶ See GOK Initial QR at 4.

¹⁸⁷ See POSCO Preliminary Calculation Memo and the accompanying Excel spreadsheet.

export of subject merchandise to the United States.¹⁸⁸ Commerce previously determined that this program was a countervailable export program in *Cold-Rolled Steel from Korea Final Determination*.¹⁸⁹ The GOK reported that there were no changes to this program during the POR.¹⁹⁰ We preliminarily determine that because KDB is an authority under section 771(5)(B) of the Act, this program results in a financial contribution in the form of a direct transfer of funds through loans under section 771(5)(D)(i) of the Act. This program is specific under section 771(5A)(A) and (B) of the Act, because the loans were contingent on export performance. Our finding is consistent with a prior Korea CVD proceeding.¹⁹¹

To calculate the benefit under this program, we used the benchmarks described in the “Loan Benchmarks and Interest Rates” section above, as well as the methodology described in 19 CFR 351.505(c) to calculate the interest that PDC and POSCO would have paid on a comparable commercial loan during the POR and divided that benefit by the appropriate sales. On this basis, we preliminarily determine that POSCO and PDC received a countervailable subsidy rate of 0.03 percent *ad valorem* under this program.¹⁹²

9. Long-Term Loans from the Korean Resources Corporation (KORES) and the Korea National Oil Corporation (KNOC)

POSCO, PDC, and POSCO M-Tech had outstanding long-term borrowings from KNOC and KORES during calendar year 2016.¹⁹³ This program initiated in 1982, with the purpose of assisting the exploitation of overseas natural resources by a Korean national, thereby enhancing the stability of supply of energy resources for the national economy.¹⁹⁴ The Ministry of Trade, Industry and Energy (MOTIE) is the government agency responsible for this program.¹⁹⁵ The authority to execute this program, however, is delegated to KNOC for the development of oil fields, and to KORES for the development of other natural resources.¹⁹⁶ The relevant laws and regulations to this program applicable to calendar year 2016 are Articles 5 and 11 (clause 1 and 2) of the Overseas Resources Development Business Act, Article 11 (clause 1) of its Enforcement Decree, Article 3 (paragraph 1) of its Ministerial Decree as well as Articles 5, 6 (clause 1), 7 (clause 1), 20 (clause 1 and 2), 20-2, and 22-2 (clause 1, 2, and 4) as well as appendices 1 and 2 of the Ministerial Notice promulgated by the Minister of MOTIE on the Criteria for Overseas Resources Development Business Fund (“Criteria for Loans”).¹⁹⁷ In order

¹⁸⁸ See POSCO Initial QR at POSCO III-17; PDC III-15 – III-16 and A-1 to A-13; and PSOCO M-Tech III-15 and A-3.

¹⁸⁹ See *Cold-Rolled Steel from Korea Preliminary Determination* and the accompanying PDM at 14-15 (unchanged in *Cold-Rolled Steel from Korea Final Determination*).

¹⁹⁰ See GOK Initial QR at 4.

¹⁹¹ See *Bottom Mount Combination Refrigerator-Freezers from the Republic of Korea: Final Affirmative Countervailing Duty Determination*, 77 FR 17410 (March 26, 2012) (*Refrigerators from Korea*), and accompanying IDM at 51.

¹⁹² See POSCO Preliminary Calculation Memo and the accompanying Excel spreadsheet.

¹⁹³ See POSCO Initial QR at POSCO III-17; PDC III-15 – III-16 and A-1 to A-13; and PSOCO M-Tech III-15 and A-3.

¹⁹⁴ GOK August 15, 2018 SQR at Appendix 66, page 480.

¹⁹⁵ *Id.*

¹⁹⁶ *Id.*

¹⁹⁷ *Id.*, Appendix 66, at 482.

for the applicant to receive loans under this program, the Financing Review Board, the reviewing body responsible for making these determinations, must be satisfied with the applicant's business plan, which will be evaluated based on certain criteria, including the credit rating of the applicant and the feasibility of the project, which includes the business plan and technical standard of the applicant.¹⁹⁸ However, the final approval will be granted by the MOTIE.¹⁹⁹ POSCO were eligible for KORES and KNOC loans because they were Korean nationals that reported overseas resource development business plans to the MOTIE pursuant to Article 5 of the Overseas Resources Development Business Act.²⁰⁰

POSCO's, PDC's, and POSCO M-Tech's KNOC loans are related to investments in overseas natural resources development projects, the details of which are proprietary.²⁰¹ PDC claims these loans are tied to non-subject merchandise and unrelated to PDC's exports to the United States of subject merchandise produced by POSCO.²⁰² In the *Cold-Rolled Steel from Korea Final Determination*, Commerce determined that the loans from KORES to POSCO and PDC were countervailable, but found that POSCO's KNOC loans were tied to non-subject merchandise.²⁰³ After examining the record of this review, we preliminarily find loans from KNOC to POSCO and PDC are tied to non-subject merchandise. As such, our analysis solely pertains to loans from KORES to PDC and POSCO M-Tech.

The GOK reported that there were no changes to this program during the POR.²⁰⁴ Thus, we continue to find this program is *de jure* specific. Further, the loans provided under this program are from an authority under section 771(5)(B) of the Act that results in a financial contribution in the form of a direct transfer of funds under section 771(5)(D)(i) of the Act. A benefit is conferred under section 771(5)(E)(ii) of the Act and 19 CFR 351.505(a) in the amount of the difference between the amount of interest PDC and POSCO M-Tech paid on the KORES loans and the amount the recipient would pay on a comparable commercial loan.

To calculate the benefit under this program, we used the benchmarks described in the "Loan Benchmarks and Interest Rates" section above, as well as the methodology described in 19 CFR 351.505(c) to calculate the interest that each company would have paid on a comparable commercial loan during the POR and divided that benefit by the appropriate sales. On this basis, we preliminarily determine that POSCO, PDC, and POSCO M-Tech received a countervailable subsidy rate of 0.02 percent *ad valorem* under this program.²⁰⁵

B. Programs Preliminarily Determined to be Not Used or Not to Confer a Measurable Benefit

¹⁹⁸ *Id.*, Appendix 66, at 491

¹⁹⁹ *Id.*

²⁰⁰ *Id.*

²⁰¹ See POSCO Initial QR at POSCO III-17; PDC III-15 – III-16 and A-1 to A-13; and PSOCO M-Tech III-15 and A-3.

²⁰² *Id.*

²⁰³ See *Cold Rolled Steel from Korea Preliminary Determination* and the accompanying PDM at 24-25 (unchanged in *Cold-Rolled Steel from Korea Final Determination*).

²⁰⁴ See GOK Initial QR at 4.

²⁰⁵ See POSCO Preliminary Calculation Memo and the accompanying Excel spreadsheet.

Hyundai Steel

1. KEXIM Bank Import Financing
2. KEXIM Short-Term Export Credits
3. KEXIM Export Factoring
4. KEXIM Export Loan Guarantees
5. KEXIM Loan Guarantees for Domestic Facility Loans
6. KEXIM Trade Bill Rediscounting Program
7. KEXIM Bankers Usance
8. KEXIM Overseas Investment Credit Program
9. KDB and IBK Short-Term Discounted Loans for Export Receivables
10. Loans under the Industrial Base Fund
11. K-SURE Export Credit Guarantees
12. K-SURE Short-Term Export Credit Insurance
13. Long-Term Loans from KORES and KNOC
14. Clean Coal Subsidies
15. GOK Subsidies for “Green Technology R&D” and its Commercialization
16. Support for SME “Green Partnerships”
17. Tax Deduction under RSTA Article 10(1)(1)
18. RSTA Article 10(1)(2)
19. RSTA Article 11
20. RSTA 104(14)
21. RSLTA Articles 19, 31, 46, 47-2, 84, 109, and 112
22. Tax Reductions and Exemptions in Free Economic Zones
23. Grants and Financial Support in Free Economic Zones
24. Sharing of Working Opportunities/Employment Creating Incentives
25. GOK Infrastructure Investment at Incheon North Harbor
26. Machinery & Equipment (KANIST R&D) Project
27. Grant for Purchase of Electrical Vehicle
28. Power Business Law Subsidies
29. Provision of Liquefied Natural Gas (LNG) for LTAR
30. Energy Savings Programs
 - Electricity Savings for Designated Period Program
 - Electricity Savings through the Bidding Process Program
 - Electricity Savings upon an Emergent Reduction Program
 - Electricity Savings through General Management Program
 - Management of the Electricity Load Factor Program
31. The GOK’s Purchases of Electricity for MTAR
32. Incentives for Compounding and Prescription Cost Reduction
33. Subsidies for Employment Security during Period of Childbirth and Childcare
34. Incentives for Usage of Yeongil Harbor in Pohang City
35. VAT Exemptions on Imported Goods
36. Import Duty Exemptions
37. Incentives for Usage of Gwangyang Port
38. Incentives for Natural Gas Facilities
39. Subsidies for Construction and Operation of Workplace Nursery

40. Subsidies for Hyundai Steel Red Angels Women's Football Club
41. Co-existence Project for Large- Medium- Small Enterprises as Energy Companies
42. One Company for One Street Clean Management Agreement
43. Support for Smoking Cessation Treatment
44. Seoul Guarantee Insurance
45. Purchase of Land from Government Entities
46. Fast-Track Restructuring Program

POSCO

1. KEXIM bank import Financing
2. KEXIM Short-Term Export Credits
3. KEXIM Export Factoring
4. KEXIM Export Loan Guarantees
5. KEXIM Loan Guarantees for Domestic Facility Loans
6. KEXIM Trade Bill Rediscounting Program
7. KEXIM Bankers Usance
8. KEXIM Import Financing
9. Loans under the Industrial Base Fund
10. K-SURE Export Credit Guarantees
11. K-SURE Short-Term Export Credit Insurance
12. Clean Coal Subsidies
13. GOK Subsidies for "Green Technology R&D" and its Commercialization
14. Support for SME "Green Partnerships"
15. Tax Deduction under RSTA Article RSTA Article 10(1)(1)
16. RSTA Article 10(1)(2)
17. RSLTA Articles 19, 31, 46, 47-2, 84, 109, and 112
18. RSTA Article 22: Tax Exemption on Investment in Overseas Resources Development
19. RSTA Article 24: Tax Credit for Investment for Productivity Increase Facilities
20. RSTA Article 25: Tax Credit for Investment in Facilities for Environment or Safety
21. RSTA Article 120: Exemption of the Acquisition Tax
22. Asset Revaluation Under Article 56(2) of the TERCL
23. RSTA Article 104(14): Third Party Logistics Operation
24. RSTA Article 104(5): Special Tax Credit for Payment Records
25. Tax Reductions and Exemptions in Free Economic Zones
26. Grants and Financial Support in Free Economic Zones
27. Sharing of Working Opportunities/Employment Creating Incentives
28. GOK Infrastructure Investment at Incheon North Harbor
29. Machinery & Equipment (KANIST R&D) Project
30. Grant for the Purchase of an Electric Vehicle
31. Power Business Law Subsidies
32. Provision of Liquefied Natural Gas (LNG) for LTAR
33. Energy Savings Program²⁰⁶
34. Electricity Savings for Designated Period Program
35. Electricity Savings through the Bidding Process Program

²⁰⁶ See *Cold-Rolled Steel from Korea Final Determination* and accompanying IDM at 119.

36. Electricity Savings upon an Emergent Reduction Program
37. Electricity Savings through General Management Program
38. Energy Savings Program: Utilization of Capability of the Private Sector
39. Energy Savings Program: In Accordance with Prior Announcement
40. Energy Savings Program: Intelligent Electricity Savings
41. Energy Savings Program: Support for Instruments with High Energy Efficiencies
42. R&D Grants under the Industrial Technology Innovation Promotion Act (ITIPA)
43. Power Generation Price Difference Payments (PGPDP)
44. Reimbursements on Construction Costs for Facilities at Incheon Harbor
45. Management of the Electricity Load Factor Program
46. The GOK's Purchases of Electricity for MTAR
47. Incentives for Compounding and Prescription Cost Reduction
48. Subsidies for Employment Security during Period of Childbirth and Childcare
49. Incentives for Usage of Yeongil Harbor in Pohang City
50. VAT Exemptions on Imported Goods
51. Import Duty Exemptions
52. Incentives for Usage of Gwangyang Port
53. Incentives for Natural Gas Facilities
54. Subsidies for Construction and Operation of Workplace Nursery
55. Subsidies for Hyundai Steel Red Angels Women's Football Club
56. Co-existence Project for Large- Medium- Small Enterprises as Energy Companies
57. One Company for One Street Clean Management Agreement
58. Support for Smoking Cessation Treatment
59. Seoul Guarantee Insurance
60. Purchase of Land from Government Entities
61. Fast-Track Restructuring Program
62. Daewoo International Corporation Debt Work Out
63. Exemptions and Reductions of Lease fees in Free Economic Zones
64. Grants from the Korea Agency for Infrastructure Technology Advancement
65. KDB and IBF Loans under the Industrial Base Fund
66. Land Purchase at Asan Bay
67. Modal Shift Program
68. R&D Grants under Industrial Technology Innovation Promotion Act (ITIPA)
69. Research, Supply or Workforce Development Investment Tax Deduction for
70. Research, Supply, or Workforce Development Expense Tax Deductions for
71. RSLTA Articles 46, 84
72. Special Accounts for Energy and Resources (SAER) Loans
73. Support for SME "Green Partnerships"
74. Dongbu Debt Restructuring
75. Sharing of Working Opportunities/Employment Creating Incentives
76. Various Government Grants Contained in Financial Statements

VIII. Recommendation

Based on our analysis, we recommend adopting the above positions. If this recommendation is accepted, we will publish the preliminary results of this review in the *Federal Register*.

☒

☐

Agree

Disagree

10/3/2018

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Signed by: GARY TAVERMAN

Gary Taverman
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance