



C-580-879

Administrative Review
POR: 01/01/2017 - 12/31/2017

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DATE: September 6, 2019

MEMORANDUM TO: Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

FROM: James Maeder
Deputy Assistant Secretary
For Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the
Countervailing Duty Administrative Review; 2017: Certain
Corrosion-Resistant Steel 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 corrosion-resistant steel products (CORE) from the Republic of Korea (Korea) for the period of review January 1, 2017 through December 31, 2017. This review covers 23 producers/exporters of subject merchandise. Commerce selected Hyundai Steel Company (Hyundai Steel) and Dongbu Steel Co., Ltd. (Dongbu Steel)/Dongbu Incheon Steel Co., Ltd. (Dongbu Incheon) (collectively, Dongbu) as mandatory respondents. We preliminarily determine that Dongbu received countervailable subsidies that are above *de minimis* and that Hyundai Steel received countervailable subsidies that are *de minimis*. Therefore, we are applying to the firms not selected for individual examination in this review the above *de minimis* net subsidy rate calculated for Dongbu.

II. BACKGROUND

On July 25, 2016, Commerce published the *CORE Order* in the *Federal Register*.¹ On July 3, 2018, Commerce published a notice of opportunity to request an administrative review of the *CORE Order*.² On July 30, 2018, we received a timely request for administrative review from

¹ See *Certain Corrosion-Resistant Steel Products from India, Italy Republic of Korea and the People's Republic of China: Countervailing Duty Order*, 81 FR 48387 (July 25, 2016) (*CORE Order*).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 83 FR 31121 (July 3, 2018).



Hyundai Steel.³ On July 31, 2017, the petitioners⁴ timely filed a request for review of the *CORE Order* for the following 25 firms: (1) Bukook Steel Co., Ltd.; (2) CJ Korea Express; (3) DK Dongshin Co., Ltd.; (4) Dongbu Steel and (5) Dongbu Incheon (collectively, Dongbu); (6) Dongbu Express; (7) Dongkuk Steel Mill Co., Ltd.; (8) Hongyi (HK) Hardware Products Co., Ltd.; (9) Hyundai Glovis Co., Ltd.; (10) Hyundai Steel; (11) Jeil Sanup Co., Ltd.; (12) Mitsubishi International Corp.; (13) POSCO; (14) POSCO C&C; (15) POSCO Daewoo Corp.; (16) POSCO P&S; (17) Sejung Shipping Co., Ltd.; (18) SeAH Steel; (19) Seil Steel Co., Ltd.; (20) SK Networks Co., Ltd.; (21) Soon Hong Trading Co., Ltd.; (22) Taisan Construction Co., Ltd.; (23) TCC Steel Co., Ltd.; (24) Union Steel Manufacturing Co., Ltd.; and (25) Young Sun Steel Co.⁵ On September 10, 2018, Commerce initiated a CVD review of 23 companies.⁶ On the same day the petitioners withdrew their request for review of Mitsubishi International Corp.⁷ We did not initiate a review of Dongkuk Steel Mill Co., Ltd. and Union Steel Manufacturing Co., Ltd., because these two companies' rates were *de minimis* in the *CORE Investigation Final*⁸ and they are, thus, not subject to the *CORE Order*.⁹

In the *Initiation Notice*, we stated that, in the event that we limited the number of respondents selected for individual examination, we intended to select respondents based on U.S. Customs and Border Protection (CBP) data for U.S. imports during the POR. On September 27, 2018, Commerce released CBP entry data, and provided interested parties until October 4, 2018, to submit comments on the data.¹⁰ On October 4, 2018, one of the petitioners, Nucor Corporation (Nucor), submitted comments requesting that Commerce select respondents accounting for the largest share of POR imports.¹¹ On October 10, 2018, Dongkuk Steel Mill Co., Ltd. submitted a notification of no shipments.¹² On November 14, 2018, Commerce selected Dongbu and Hyundai Steel as mandatory respondents in this administrative review.¹³

On November 14, 2018, Commerce issued the initial questionnaire to the Government of Korea (GOK), Hyundai Steel, and Dongbu.¹⁴ Hyundai Steel and Dongbu each submitted their

³ See Hyundai Steel's Letter, "Request for Administrative Review," dated July 30, 2018.

⁴ The petitioners are AK Steel Corporation, California Steel Industries, Inc., Steel Dynamics Inc., ArcelorMittal USA LLC, Nucor Corporation (Nucor), and United States Steel Corporation (U.S. Steel).

⁵ See Petitioners' Letter, "Request for Administrative Review," dated July 31, 2018.

⁶ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 83 FR 45596 (September 10, 2018) (*Initiation Notice*) corrected by *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 83 FR 50077 (October 4, 2018) (*Correction Notice*).

⁷ See Petitioners' Letter, "Withdrawal of Request for Administrative Review in Part," dated September 10, 2018.

⁸ See *Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from the Republic of Korea: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 81 FR at 35310 (June 2, 2016) (*CORE Investigation Final*).

⁹ See *Correction Notice* at 50085 n.4.

¹⁰ See Memorandum, "Release of U.S. Customs Entry Data for Respondent Selection," dated September 27, 2018 (CBP Query Memorandum).

¹¹ See Nucor's Letter, "Respondent Selection Comments," dated October 4, 2018.

¹² See Dongkuk Steel Mill Co., Ltd.'s Letter, "Notification of No Sales," dated October 10, 2018.

¹³ See Memorandum, "Respondent Selection," dated November 14, 2018.

¹⁴ See Commerce's Letter, "Countervailing Duty Questionnaire," dated November 14, 2018.

affiliation questionnaire responses on November 28, 2018.¹⁵ On January 4, 2019, Hyundai Steel and Dongbu submitted their responses to Section III of Commerce's November 14, 2018 Initial Questionnaire.¹⁶ On February 13, 2019, the GOK submitted its response to Commerce's initial questionnaire.¹⁷

On December 19, 2018, one of the petitioners, United States Steel Corporation (U.S. Steel), timely filed a request for verification of respondent Hyundai Steel.¹⁸

Between December 12, 2018, and February 15, 2019, the petitioners filed deficiency comments for Hyundai Steel,¹⁹ Dongbu,²⁰ and the GOK.²¹ Hyundai Steel filed rebuttal comments in response to the petitioners' comments.²² In addition, U.S. Steel and Nucor each filed factual information on Hyundai Steel.²³ Commerce further issued supplemental questionnaires to Hyundai Steel, Dongbu, and the GOK, and received timely responses.

On March 4, 2019, the petitioners submitted a timely upstream subsidy allegation that Korean CORE producers benefitted from upstream subsidies in the form of subsidized electricity during

¹⁵ See Hyundai Steel's November 28, 2018 Affiliation Questionnaire Response (Hyundai Steel's November 28, 2018 Affiliation QR); *see also* Dongbu's November 28, 2018 Affiliation Questionnaire Response (Dongbu's November 28, 2018 Affiliation QR).

¹⁶ See Hyundai Steel's January 4, 2019 Section III Initial Questionnaire Response (Hyundai Steel's January 4, 2019 Initial QR); *see also* Dongbu's January 4, 2019, Section III Initial Questionnaire Response (Dongbu's January 4, 2019 Initial QR).

¹⁷ Due to the government shutdown and tolling of deadlines, the GOK's February 13, 2019 Initial QR was timely filed. Also, the GOK's January 4, 2019 submission was removed from the record, as it was refiled on February 13, 2019. *See* the GOK's February 13, 2019 Initial Questionnaire Response (GOK's February 13, 2019 Initial QR).

¹⁸ See U.S. Steel's Letter, "Request for Verification," dated December 19, 2018.

¹⁹ See Petitioners' Letters, "Corrosion-Resistant Steel Products from the Republic of Korea: Comments on Hyundai Steel's Affiliated Companies Questionnaire Responses," dated December 12, 2018; "Corrosion-Resistant Steel Products from the Republic of Korea: Additional Comments on Hyundai Steel's Affiliated Companies Questionnaire Response," dated December 21, 2018; "Corrosion Resistant Steel Products from the Republic of Korea: Comments on Hyundai Steel's Section III Questionnaire Response," dated February 15, 2019; "Corrosion-Resistant Steel Products from the Republic of Korea: U.S. Steel's Comments Concerning Hyundai HYSCO's Initial Questionnaire Response," dated July 30, 2019; and "Corrosion Resistant Steel Products from the Republic of Korea: U.S. Steel's Comments Concerning SPP Yulchon Energy's Initial Questionnaire Response," dated July 30, 2019.

²⁰ See Petitioners' Letter, "Certain Corrosion-Resistant Steel Products from the Republic of Korea: Comments on Dongbu's Initial Questionnaire Response," dated February 15, 2019.

²¹ See Petitioners' Letter, "Corrosion Resistant Steel Products from the Republic of Korea: Comments on the Government of Korea's Section II Questionnaire Response," dated February 15, 2019.

²² See Hyundai Steel's Letters, "Rebuttal Comments to Nucor Corporation's Comments on Hyundai Steel's Affiliation Questionnaire Response," dated December 19, 2018; "Rebuttal Comments to U.S. Steel's Submission to Rebut, Clarify, or Correct Hyundai Steel's Questionnaire Response," dated January 25, 2019; "Rebuttal to U.S. Steel's Comments on Hyundai Steel's Section III Questionnaire Response," dated February 27, 2019; "Rebuttal to U.S. Steel's Comments on SPP Yulchon Energy's Initial Questionnaire Response," dated August 2, 2019; and "Rebuttal to U.S. Steel's Comments on Hyundai HYSCO's Initial Questionnaire Response," dated August 2, 2019.

²³ See U.S. Steel's Letters, "U.S. Steel's Submission to Rebut, Clarify, or Correct Hyundai Steel's Questionnaire Response," dated January 18, 2019; and "U.S. Steel's Submission to Rebut, Clarify, or Correct Hyundai Steel's Questionnaire Response," dated August 5, 2019; *see also* Nucor's Letter, "Rebuttal Factual Information," dated August 5, 2019.

the POR.²⁴ Commerce issued a supplemental questionnaire to the petitioners with respect to this upstream allegation and received a response on April 15, 2019.²⁵ Between March 25 and May 21, 2019, the GOK and Hyundai Steel commented on this allegation.²⁶ On July 11, 2019, Commerce initiated an investigation of this upstream subsidy allegation.²⁷ On the same day, Commerce issued questionnaires to Hyundai Steel, Dongbu, and the GOK.²⁸ Hyundai Steel, Dongbu and the GOK each submitted timely upstream subsidy questionnaire responses.²⁹ On August 14, 2019, Commerce issued a supplemental questionnaire to the GOK and received a timely response.³⁰ Because this is a complex issue and our analysis is ongoing, we have not yet made a preliminary determination on whether a countervailable upstream subsidy exists. We intend to issue our preliminary determination after the preliminary results.

On March 5, 2019, Nucor timely submitted new subsidy allegations (NSA) with regard to Hyundai Steel.³¹ On March 25, 2019, Hyundai Steel rebutted the petitioners' NSA Submission.³² On August 14, 2019, Commerce released its decision memorandum regarding Nucor's NSAs concerning Hyundai Steel.³³ On the same day, Commerce issued the NSA questionnaire to Hyundai Steel and the GOK.³⁴ On August 23, 2019, and August 27, 2019 Hyundai Steel and the GOK, respectively submitted their NSA questionnaire responses.³⁵

On August 20, 2019 and August 22, 2019, Nucor and U.S. Steel each filed comments with

²⁴ See Petitioners' Letter, "Petitioners' Allegation of Upstream Subsidies to Korean Steel Producers," dated March 4, 2019.

²⁵ See Commerce's Letter, "Supplemental Questionnaire for Upstream Subsidies Allegation," dated April 4, 2019; see also Petitioners' Letter, "Petitioners' Response to Upstream Subsidy Questionnaire," dated April 15, 2019.

²⁶ See GOK Letters, "Rebuttal Comments," dated March 25, 2019; "Comments on Petitioners' Upstream Subsidy Allegation Questionnaire Response," dated May 2, 2019; and "Reply Comments on the U.S. Steel's Rebuttal Comments" dated May 21, 2019; see also Hyundai Steel's Letter, "Response to Petitioners' Upstream Subsidy Allegation," dated March 25, 2019.

²⁷ See Memorandum, "Upstream Subsidy Allegation," dated July 11, 2019 (Upstream Memorandum).

²⁸ See Commerce's Letters, "Upstream Subsidy Questionnaire for Hyundai Steel Company," dated July 11, 2019; "Upstream Subsidy Questionnaire for Dongbu Steel Co., Ltd./Dongbu Incheon Steel Co. Ltd.," dated July 11, 2019; and "Upstream Subsidy Questionnaire for the Government of the Republic of Korea," dated July 11, 2019.

²⁹ See Hyundai Steel's Letter, "Response to Upstream Subsidy Allegation Questionnaire," dated July 22, 2019; see also Dongbu's Letter, "Response to Upstream Subsidy Questionnaire," dated July 25, 2019; and GOK's Letters, "Upstream Subsidy Questionnaire Response," dated August 5, 2019; "Upstream Subsidy Questionnaire Additional Response," dated August 6, 2019; and "Translations of Exhibits of Upstream Subsidy Questionnaire Response," dated August 12, 2019.

³⁰ See Commerce's Letter, "Upstream Subsidy Supplemental Questionnaire for the Government of the Republic of Korea," dated August 14, 2019; see also GOK Letter, "Upstream Subsidy Questionnaire Supplemental Response," dated August 20, 2019; and "Additional Response to Upstream Subsidy Supplemental Questionnaire," dated August 22, 2019.

³¹ See Nucor's Letter, "New Subsidy Allegations," dated March 5, 2019 (NSA Submission).

³² See Hyundai Steel's Letters, "Response to Nucor's New Subsidy Allegations," dated March 25, 2019.

³³ See Memorandum, "New Subsidy Allegations," dated August 14, 2019 (NSA Memorandum).

³⁴ See Commerce's Letters, "New Subsidy Allegations Questionnaire," dated August 14, 2019.

³⁵ See Hyundai Steel's Letter, "Hyundai Steel New Subsidy Allegations Questionnaire Response," dated August 23, 2019; and GOK's Letter, "New Subsidy Allegation Questionnaire Response," dated August 27, 2019.

respect to Dongbu and Hyundai Steel, respectively, in advance of the preliminary results.³⁶ Further, on August 23, 2019, U.S. Steel filed comments regarding upstream subsidies on electricity.³⁷ On August 28, 2019, Dongbu filed rebuttal comments to Nucor's comments.³⁸ On August 29, and 30, 2019, Hyundai Steel filed rebuttal comments to the petitioner's comments.³⁹ On September 3, 2019, the GOK filed rebuttal comments to the petitioner's comments.⁴⁰ To the extent possible, we have considered these comments for the preliminary results.

On January 28, 2019, Commerce exercised its discretion to toll all deadlines affected by the partial federal government closure from December 22, 2018 through the resumption of operations on January 29, 2019.⁴¹ If the new deadline falls on a non-business day, in accordance with Commerce's practice, the deadline will become the next business day.⁴² On April 16, 2019 and July 23, 2019, Commerce extended the deadline for the preliminary results of this review. The revised deadline for the preliminary results is now September 6, 2019.⁴³

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 January 1, 2017 through December 31, 2017.

IV. SCOPE OF THE ORDER

The products covered by this order are certain flat-rolled steel products, either clad, plated, or coated with corrosion-resistant metals such as zinc, aluminum, or zinc-, aluminum-, nickel- or iron-based alloys, whether or not corrugated or painted, varnished, laminated, or coated with plastics or other non-metallic substances in addition to the metallic coating. The products covered include coils that have a 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

³⁶ See Nucor's Letter, "Comments in Advance of the Preliminary Determination," dated August 20, 2019; and U.S. Steel's Letter, "U.S. Steel's Pre-Preliminary Comments on Regarding Hyundai's Acquisition of Suncheon Land," dated August 22, 2019 (U.S. Steel Pre-Preliminary Comments on Suncheon Land).

³⁷ See U.S. Steel's Letter, "U.S. Steel's Pre-Preliminary Comments Regarding Upstream Electricity Subsidies," dated August 23, 2019.

³⁸ See Dongbu's Letter, "Rebuttal Comments on Nucor's Pre-Preliminary Determination Comments," dated August 28, 2019.

³⁹ See Hyundai Steel's Letters, "Rebuttal to U.S. Steel's Pre-Preliminary Comments Regarding Hyundai's Acquisition of Suncheon Land," dated August 29, 2019, and "Rebuttal to U.S. Steel's Pre-Preliminary Comments Regarding Upstream Electricity Subsidies," dated August 30, 2019.

⁴⁰ See GOK's Letter, "Comments on U.S. Steel's Pre-Preliminary Comments Regarding Upstream Electricity Subsidies," dated September 3, 2019.

⁴¹ See Memorandum to the Record from 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, "Deadlines Affected by the Partial Shutdown of the Federal Government," dated January 28, 2019. All deadlines in this segment of the proceeding have been extended by 40 days.

⁴² See *Notice of Clarification: Application of "Next Business Day" Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005).

⁴³ See Memoranda, "Extension of Deadline for Preliminary Results of Countervailing Duty Administrative Review – 2017," dated April 16, 2019 and July 23, 2019.

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.

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 and high strength low alloy (“HSLA”) steels. 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.

Furthermore, this scope also includes Advanced High Strength Steels (“AHSS”) and Ultra High Strength Steels (“UHSS”), both of which are considered high tensile strength and high elongation steels.

Subject merchandise also includes corrosion-resistant 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 order if performed in the country of manufacture of the in-scope corrosion resistant 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:

- Flat-rolled steel products either plated or coated with tin, lead, chromium, chromium oxides, both tin and lead (“terne plate”), or both chromium and chromium oxides (“tin free steel”), whether or not painted, varnished or coated with plastics or other non-metallic substances in addition to the metallic coating;
- Clad products in straight lengths of 4.7625 mm or more in composite thickness and of a width which exceeds 150 mm and measures at least twice the thickness; and
- Certain clad stainless flat-rolled products, which are three-layered corrosion-resistant flat-rolled steel products less than 4.75 mm in composite thickness that consist of a flat-rolled steel product clad on both sides with stainless steel in a 20%-60%-20% ratio.

The products subject to the order are currently classified in the Harmonized Tariff Schedule of the United States (“HTSUS”) under item numbers: 7210.30.0030, 7210.30.0060, 7210.41.0000, 7210.49.0030, 7210.49.0091, 7210.49.0095, 7210.61.0000, 7210.69.0000, 7210.70.6030, 7210.70.6060, 7210.70.6090, 7210.90.6000, 7210.90.9000, 7212.20.0000, 7212.30.1030, 7212.30.1090, 7212.30.3000, 7212.30.5000, 7212.40.1000, 7212.40.5000, 7212.50.0000, and 7212.60.0000.

The products subject to the order may also enter under the following HTSUS item numbers: 7210.90.1000, 7215.90.1000, 7215.90.3000, 7215.90.5000, 7217.20.1500, 7217.30.1530, 7217.30.1560, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7225.91.0000, 7225.92.0000, 7225.99.0090, 7226.99.0110, 7226.99.0130, 7226.99.0180, 7228.60.6000, 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. RESCISSION OF ADMINISTRATIVE REVIEW, IN PART

Pursuant to 19 CFR 351.213(d)(1), the Secretary will rescind an administrative review, in whole or in part, if the parties that requested a review withdraw the request within 90 days of the date of publication of the notice of initiation of the requested review. This review was initiated on September 10, 2018. On the same day, the petitioners timely withdrew their request for review of Mitsubishi International Corp (Mitsubishi).⁴⁴ As no other party requested an administrative review of Mitsubishi, we are rescinding this review with respect to Mitsubishi, in accordance with 19 CFR 351.213(d)(1).

VI. 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 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 selected companies, excluding rates that are zero, *de minimis*, or based entirely on facts available.⁴⁵ Section 705(c)(5)(A)(ii) 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 the individually calculated rate for Hyundai Steel is *de minimis* and for Dongbu it is above *de minimis* and not based entirely on facts available under section 776. Therefore, we are applying to the non-selected companies the above *de minimis* net subsidy rate calculated for Dongbu.

VII. 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

⁴⁴ See Petitioners' Letter, "Withdrawal of Request for Administrative Review in Part," September 10, 2018

⁴⁵ See, *e.g.*, *Certain Pasta from Italy: Final Results of the 13th (2008) Countervailing Duty Administrative Review*, 75 FR 37386, 37387 (June 29, 2010) (*Pasta from Italy*).

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.⁴⁶

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.⁴⁷

Dongbu reported that, during the POR, with the exception of Dongbu Incheon, none of its other affiliates produced subject merchandise, or supplied an input product to Dongbu or Dongbu Incheon for the production of the downstream product, and that Dongbu is not a subsidiary of any company.⁴⁸ Thus, it has no parent company or holding company, and no cross-owned input suppliers. Accordingly, Dongbu responded to the initial questionnaire with regard to Dongbu Steel and Dongbu Incheon. Therefore, pursuant to 19 CFR 351.525(b)(6)(ii), we attributed subsidies received by Dongbu Steel and/or Dongbu Incheon to the sales of both companies.

Hyundai Steel reported that it is a publicly traded company engaged in the production and sale of steel products, including CORE. Hyundai Steel reported that it is not a subsidiary of any other company and it has no parent or holding company.⁴⁹ Hyundai Steel provided a full response on behalf of itself, Hyundai BNG, Hyundai Hysco, Hyundai Green Power, and SPP Yulchon Energy.⁵⁰ Consistent with prior proceedings, we continue to find Hyundai Green Power not to be cross-owned with Hyundai Steel. We preliminarily determine that Hyundai BNG and Hyundai Steel are not cross-owned. We will continue to examine the relationship between

⁴⁶ See U.S. Internal Revenue Service Publication 946 (2008), "How to Depreciate Property," at Table B-2: Table of Class Lives and Recovery Periods.

⁴⁷ See *Fabrique de Fer de Charleroi v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

⁴⁸ See Dongbu's November 28, 2018 Affiliation QR at 7-8.

⁴⁹ See Hyundai Steel's November 28, 2018 Affiliation QR at 3 and Initial QR at 7.

⁵⁰ See Hyundai Steel's January 4, 2019 Initial QR; see also Hyundai Steel's July 24, 2019 Supplemental Questionnaire Response (Hyundai Steel's July 24, 2019 SQR).

Hyundai BNG and Hyundai Steel after the preliminary results. Pursuant to 19 CFR 351.525(b)(6)(i), we have attributed subsidies received by Hyundai Steel to the sales of Hyundai Steel for these preliminary results.

C. Benchmarks and Discount Rates

Short-Term U.S. Dollar-Denominated Loans

Hyundai Steel and Dongbu reported receiving short-term import financing from the Korea Export-Import Bank (KEXIM) during the POR.⁵¹ The respondents provided information about short-term loans from commercial banks for consideration as comparable commercial loans for purposes of identifying an interest rate benchmark. Consistent with 19 CFR 351.505(a)(2), we preliminarily determine that some of those loans constitute comparable commercial loans, and it is appropriate to use these loans to calculate a weighted-average benchmark interest rate.⁵²

In addition, Dongbu received loans under the Korea Development Bank (KDB) short-term discounted loan program and the debt restructuring program during the POR.⁵³ Dongbu provided information about short-term loans from commercial banks for consideration as comparable commercial loans for purposes of identifying a short-term loan interest rate benchmark. Consistent with 19 CFR 351.505(a)(2), we preliminarily determine that some of those loans constitute comparable commercial loans and it is appropriate to use these loans to calculate a weighted-average short-term loan benchmark interest rate.⁵⁴

Long-Term U.S. Dollar and Korean Won-Denominated Loans

During the POR, Dongbu and Hyundai Steel had outstanding countervailable long-term Korean won-denominated loans from government-controlled banks. As benchmarks for countervailable, 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 1991.⁵⁵ This is the approach Commerce has taken in several prior Korean CVD proceedings.⁵⁶ Specifically, in those cases, we determined

⁵¹ See Dongbu's January 4, 2019 Initial QR at 14-16; and Hyundai Steel January 4, 2019 Initial QR at 13.

⁵² See Memorandum, "Calculations for the Preliminary Results: Hyundai Steel Company," dated concurrently with this memorandum (Hyundai Steel's Preliminary Calculation Memorandum); and Memorandum, "Calculation for the Preliminary Results: Dongbu Steel Co., Ltd./Dongbu Incheon Steel Co., Ltd.," dated concurrently with this memorandum (Dongbu's Preliminary Calculation Memorandum).

⁵³ See Dongbu's January 4, 2019 Initial QR at 14-16.

⁵⁴ See Dongbu's Preliminary Calculation Memorandum.

⁵⁵ 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).

⁵⁶ 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); 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

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-denominated loans in Korea, because it is widely accepted as the market rate in Korea.⁵⁷ Where company-specific rates were not available, we used the national average of the yields on three-year, won-denominated corporate bonds, as reported by the Bank of Korea (BOK). This approach is consistent with 19 CFR 351.505(a)(3)(ii) and prior Korean CVD proceedings.⁵⁸ 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. Dongbu also had restructured long-term debts/loans and received new long-term financing under the debt restructuring program. In addition, as we preliminarily find that Dongbu was uncreditworthy during the POR, *see* below, we added a risk premium to the benchmark rate in accordance with 19 CFR 351.505(a)(3)(iii), to measure Dongbu's countervailable long-term debts/loans during the POR.

D. Creditworthiness

In the underlying investigation and the first administrative review, we investigated Dongbu's Debt Restructuring Program and found this program to be countervailable.⁵⁹ We are reviewing this Debt Restructuring Program in this segment of the proceeding. Participation in this program allowed Dongbu to restructure certain existing loans, corporate bonds, and L/C Usance loans, and to convert certain of Dongbu's debt into equity.⁶⁰

Commerce will consider a company to be uncreditworthy if the Secretary determines that, based on information available at the time of the government-provided loan, the firm could not have obtained long-term loans from conventional commercial sources.⁶¹ In the original investigation and the first administrative review, we found Dongbu to be uncreditworthy in 2014, 2015 and 2016.⁶²

Because no new information has been submitted to cause Commerce to reevaluate its determinations with respect to Dongbu's creditworthiness in the original investigation and the first administrative review, we continue to find Dongbu to have been uncreditworthy in 2014, 2015, and 2016. Additionally, Commerce has preliminarily determined that there is a reasonable basis to believe Dongbu was uncreditworthy during the POR, pursuant to 19 CFR 351.505(a)(6).

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."

⁵⁷ 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).

⁵⁸ See, e.g., *Certain Corrosion-Resistant Steel Products from the Republic of Korea: Final Results and Partial Rescission of Countervailing Duty administrative Review; 2015–2016*, 84 FR 11749 (March 28, 2019) (*CORE First Admin Review*), and accompanying IDM at "Benchmark for Long Term Loans."

⁵⁹ See *CORE Investigation Final* and accompanying IDM at "Debt Restructuring Program"; and *CORE First Admin Review* and accompanying IDM at "Debt Restructuring Program."

⁶⁰ See Dongbu's January 4, 2019 Initial QR at 14-16.

⁶¹ See 19 CFR 351.505(a)(4).

⁶² See *CORE Investigation Final*, and accompanying IDM at Comment 6; and *CORE First Admin Review*.

Similar to our findings during the original investigation and first administrative review, the record demonstrates that Dongbu did not obtain any long-term loans from conventional commercial sources in 2017; Dongbu's financial indicators, its past and present ability to meet its costs and fixed financial obligations with its cash flow, and Dongbu's future financial position, have not changed since the period covered from the original investigation and first administrative review.⁶³ Therefore, pursuant to 19 CFR 351.505(a)(4), we will continue to find Dongbu to be uncreditworthy during the POR and countervail its restructured loans provided by the government policy banks during the POR using an uncreditworthiness benchmark with an added risk premium.

E. 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 Dongbu. For Dongbu, because the short-term discounted loans for export receivables have been found to be countervailable as an export subsidy,⁶⁴ we have used the recipient's export sales as the denominator. In the section below, we describe the denominators we used to calculate the countervailable subsidy rates for the various subsidy programs.

VIII. ANALYSIS OF PROGRAMS

A. Programs Preliminarily Determined to be Countervailable

1. Dongbu's Debt Restructuring

The GOK and Dongbu reported that among the nine creditor banks on the Dongbu Steel Creditor Banks Committee (Creditor Bank Committee) administering the Dongbu's Debt restructuring, the KDB, Korea Financial Corporation (KoFC), KEXIM, Woori Bank (Woori) and Industrial Bank of Korea (IBK) were government-controlled.⁶⁵ The four remaining were private commercial banks (Nonghyup Bank, Shihan Bank, Hana Bank, Korea Exchange Bank).⁶⁶ The KDB was the primary creditor bank of Dongbu.⁶⁷

The Creditor Bank Committee held a series of meetings during 2014 to resolve how to restructure Dongbu's debt. Dongbu reported that, on July 7, 2014, the first Creditor Bank Committee meeting was held which established the participation of the above listed nine banks in Dongbu's debt restructuring.⁶⁸ At the second meeting held on July 21, 2014, the Creditor

⁶³ See Dongbu's January 4, 2019 Initial QR at Exhibit A-17.

⁶⁴ See *CORE First Admin Review* at 16.

⁶⁵ The Creditor Bank Committee consists of KDB, KoFC, KEXIM, Woori, IBK, Nonghyup Bank, Shihan Bank, Hana Bank, and Korea Exchange Bank. See GOK's February 13, 2019 Initial QR at 14-28; see also Dongbu's January 4, 2019 Initial QR at 23.

⁶⁶ See GOK's February 13, 2019 Initial QR at 14-28.

⁶⁷ *Id.*

⁶⁸ See Dongbu's January 4, 2019 Initial QR at 23.

Bank Committee approved certain emergency operating loans for Dongbu.⁶⁹ The Creditor Bank Committee then approved a debt restructuring plan which provided for:

- the restructuring of certain existing loans, corporate bonds, and L/C Usance loans and;
- the conversion of some of Dongbu's debt into equity.

a. Restructured Loans

In the investigation and the first administrative review, Commerce found that the GOK-controlled banks of the Dongbu Creditor Banks Committee are authorities under section 771(5)(B) of the Act and determined that under the debt restructuring the GOK-controlled policy banks provided a financial contribution to Dongbu as defined under section 771(5)(D)(i) of the Act.⁷⁰ Commerce also found that this program is specific within the meaning of section 771(5A)(D)(iii)(I) of the Act, as the recipients of this special financing from the Creditor Banks Committee are limited in number. In the investigation and the first administrative review, we calculated the benefit from these restructured loans from GOK-controlled banks by comparing the interest actually paid on the loans during the period of investigation (POI) or POR to what the company would have paid on a comparable loan during the POI or POR.

Section 771(5)(B) of the Act defines an “authority” as a government of a country or any public entity within the territory of the country. We found in the final determination of the investigation and the first administrative review that KDB, KoFC, KEXIM, Woori, and IBK are majority government-owned policy banks, and no information has been provided on the record of the current review that would cause us to reach a different determination. Thus, we continue to find that the KDB, KoFC,⁷¹ KEXIM, Woori, and IBK are government-owned policy banks.⁷² As Commerce explained in *NOES from Korea* final, policy banks are created by a government in order to implement government industrial policies through the provision of financing to industries and enterprises; thus, a policy bank, by its very nature, is an authority under section 771(5)(B) of the Act.⁷³ Because each of the five GOK-controlled banks (*i.e.*, KDB, KoFC, KEXIM, Woori, and IBK) are policy banks, we preliminarily determine that they are authorities under section 771(5)(B) of the Act. We also preliminarily determine that, through the debt restructuring program, these five authorities provided a financial contribution to Dongbu, as defined under section 771(5)(D)(i) of the Act.

With respect to specificity, in the original investigation, we found that Dongbu was one of a very limited number of companies in 2014 that went through such government-assisted

⁶⁹ *Id.* at 24 and Exhibit A-14.

⁷⁰ See *Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from the Republic of Korea: Preliminary Affirmative Determination*, 80 FR 68842 (November 6, 2015), and accompanying PDM at 13-14, unchanged in *CORE Investigation Final*.

⁷¹ KDB and KoFC merged on January 1, 2015. See GOK's February 13, 2019 Initial QR at 22-23.

⁷² See GOK's February 13, 2019 Initial QR at 23.

⁷³ See *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*), and accompanying IDM at Comment 7.

restructuring.⁷⁴ Accordingly, we found this program to be specific within the meaning of section 771(5A)(D)(iii)(I) of the Act. In this instance, the debt restructuring of Dongbu was led by state-owned policy banks, with the lead bank, the KDB, having the key government policy role of bailing-out or restructuring troubled or failed corporations, which are limited in number.⁷⁵ Dongbu and the GOK presented no new information that would lead us to reach a different conclusion. Therefore, we continue to find that, because the actual recipients of financing through government-assisted restructuring are limited in number, this subsidy is specific within the meaning of section 771(5A)(D)(iii)(I) of the Act.

Under section 771(5)(E)(ii) of the Act, there is a benefit with respect to the provision of a loan, if there is a difference between the amount the recipient of the loan pays on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market. While there were some private commercial banks involved in the debt restructuring of Dongbu, the restructuring of Dongbu's debt was not overseen by those private banks.⁷⁶ Instead, Dongbu's debt restructuring was controlled by the Creditor Bank Committee, which, in turn, was controlled by GOK policy banks, such as the KDB. Consistent with *Refrigerators from Korea*,⁷⁷ we preliminarily determine that the loans from private creditors on the Creditor Bank Committee cannot be construed to be "comparable commercial loans" and, thus, cannot be used as a commercial benchmark under section 771(5)(E)(ii) of the Act and 19 CFR 351.505(a)(2), because the Creditor Bank Committee is controlled by GOK-controlled policy, special purpose banks.

To determine the benefit conferred to Dongbu from these loans and loan restructuring during the POR, in accordance with 19 CFR 351.505(c)(2), we calculated the benefit from these loans by comparing the interest actually paid on the loans during the POR to what the company would have paid on a comparable commercial loan that the recipient could actually obtain on the market, as described in the "Benchmarks and Discount Rates" section above, during the POR. As explained in the "Creditworthiness" section of this memorandum, we preliminarily determine that Dongbu was uncreditworthy in 2015 and 2016. Therefore, we have adjusted the benchmark rate using the methodology set forth under 19 CFR 351.505(a)(3)(iii), by adding a risk premium to the discount rate. We then applied this benchmark to both Dongbu's restructured long-term loans and to the new loans it received during the POR. On this basis, we determined a net countervailable subsidy rate of 7.16 percent *ad valorem* in 2017 for Dongbu.⁷⁸

b. Debt-to-Equity Conversion

Dongbu and the GOK reported that Dongbu's creditors committee had two debt-to-equity conversions during the AUL period.⁷⁹ The first debt-to-equity conversion of 53 Billion KWR took place in February 2015, and the second debt-to-equity conversion of 200 Billion KWR took

⁷⁴ See *CORE Investigation Final*, IDM at 28.

⁷⁵ *Id.*

⁷⁶ *Id.*

⁷⁷ See *Bottom Mount Combination Refrigerator-Freezers from the Republic of Korea: Final Affirmative Countervailing Duty Determination*, 77 FR 17410 (March 16, 2012), and accompanying IDM at 111-14.

⁷⁸ See Dongbu's Preliminary Calculation Memorandum.

⁷⁹ See GOK's February 13, 2019 Initial QR at 22.

place on May 9, 2016.⁸⁰ As noted above, while the Nonghyup Bank, Shihan Bank, Hana Bank, Korea Exchange Bank were privately owned, the majority of the Creditor Bank Committee’s members were government-controlled at the time of the equity conversion (*i.e.*, the KDB, KEXIM, Woori Bank, and IBK),⁸¹ As noted above, we find that the KDB, KEXIM, Woori Bank, and IBK are “authorities” within the meaning of section 771(5)(B) of the Act. Their equity infusions constitute financial contributions within the meaning of section 771(5)(D)(i) of the Act.

Generally, in case of a government equity infusion, “a benefit exists to the extent that the investment decision is inconsistent with the usual investment practice of private investors.”⁸² Commerce will consider a government equity infusion as being “inconsistent with usual investment practice if the price paid by the government for newly issued shares is greater than the price paid by private investors for the same (or similar form of) newly issued shares.”⁸³ If private investor prices are available, then Commerce will compare the price paid by the government for the newly issued shares to the prices paid by the private investors for the same (or similar) newly issued shares. If private investor prices are unavailable, then Commerce may examine whether the respondent company was equityworthy at the time of the government-provided equity infusion.⁸⁴

The facts here are identical to those in the first administrative review. GOK-controlled policy banks and private commercial banks participated in the debt-to-equity conversions. Moreover, the private commercial banks⁸⁵ which participated in the two equity infusions at issue: 1) paid the same per share price as the government-controlled policy banks;⁸⁶ and 2) purchased a significant percentage of the shares of debt that were converted to equity.⁸⁷ On this basis, we preliminarily find that Dongbu’s equity infusions are consistent with usual investment practice of private investors. Therefore, we find there is no benefit from Dongbu’s debt-to-equity conversions.

2. Korea Development Bank (KDB) and Industrial Base Fund (IBF) Short-Term Discounted Loans for Export Receivables

Commerce has previously determined that short-term export financing in the form of discounted documents against acceptance (D/A) loans issued by the KDB and other GOK policy banks are countervailable.⁸⁸ During the POR, Dongbu received D/A financing from the KDB for its export

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² See 19 CFR 351.507(a)(1).

⁸³ See 19 CFR 351.507 (a)(2).

⁸⁴ See 19 CFR 351.507(a)(3).

⁸⁵ See GOK’s February 13, 2019 Initial QR at 22.

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ See *Coated Free Sheet Paper from the Republic of Korea: Notice of Final Affirmative Countervailing Duty Determination*, 72 FR 60639 (October 17, 2007), and the accompanying IDM at 17-18. See also *CORE Investigation Final*; and *CORE First Admin Review*.

of subject merchandise to the United States.⁸⁹ As described above, KDB is an authority under section 771(5)(B) of the Act.⁹⁰ Thus, Commerce preliminarily determines that the KDB operated as a wholly state-owned policy bank, provided a financial contribution through a direct transfer of funds to the respondents under section 771(5)(D)(i) of the Act. We also preliminarily determine that KDB lending is specific, in accordance with sections 771(5A)(A) and (B) of the Act, as the financing offered by the KDB is contingent upon export performance. A benefit within the meaning of section 771(5)(E)(ii) of the Act is conferred on the recipient to the extent that the recipient pays a lower interest rate on the loans than it would pay on a comparable short-term commercial loan.

Only Dongbu reported using this program. To calculate the benefit, we used the benchmarks described in the Benchmarks and Interest Rates section above, as well as the methodology described in 19 CFR 351.505(c), to calculate the interest that Dongbu would have paid on a comparable commercial loan during the POR and divided that benefit by Dongbu's total export sales of the subject merchandise to the United States during the POR. On this basis, we preliminarily determine that Dongbu received a countervailable subsidy rate of 0.01 percent *ad valorem*.⁹¹

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

Hyundai Steel reported receiving tax exemptions under Article 78 of the RSLTA.⁹² 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.⁹³ 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.⁹⁴ 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 located.

Based on the above, we preliminarily determine that the tax reductions constitute a financial contribution in the form of revenue forgone, 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 the subsidies are limited to enterprises located within designated geographical regions. Our findings regarding specificity are consistent with

⁸⁹ See Dongbu's January 4, 2019 Initial QR at 15.

⁹⁰ See *NOES from Korea*, IDM at Comment 7.

⁹¹ See Dongbu's Preliminary Calculation Memorandum.

⁹² See Hyundai Steel's January 4, 2019 Initial Questionnaire Response at 19 and Exhibits C-1 to C-4.

⁹³ See GOK's February 13, 2019 Initial QR at 47-64.

⁹⁴ *Id.*

prior Korean CVD proceedings.⁹⁵

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.⁹⁶ 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 0.02 percent *ad valorem* for 2017.⁹⁷ Dongbu reported it did not use this program during the POR.⁹⁸

4. Restriction of Special Taxation Act (RSTA) Article 25(2)

Hyundai Steel reported receiving tax deductions under RSTA Article 25(2).⁹⁹ The purpose of this program is to facilitate the enhancement of energy efficiency in business sectors through a deduction from income taxes payable. Commerce previously determined that this program was countervailable.¹⁰⁰ The GOK reported that there were no changes to this program during the POR.¹⁰¹

We preliminarily determine that this program results in a financial contribution from the GOK to recipients in the form of revenue forgone, 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, in accordance with section 771(5)(E) of the Act and described in 19 CFR 351.509(a), effectively, the amount of the tax credit claimed. We also 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 finding is consistent with *LDWP from Korea*, the POI of which covered the calendar year 2017, and *CTL Plate from Korea 2017*, the POR of which also covered the calendar year 2017.¹⁰²

⁹⁵ See, e.g., *Certain Cut-to-Length Carbon-Quality Steel Plate from the Republic of Korea: Preliminary Results of Countervailing Duty Administrative Review; and Rescission of Review, in Part; Calendar Year 2017*, 84 FR 15182 (April 15, 2019) (*CTL Plate from Korea 2017 Prelim*) and accompanying PDM at 8, unchanged in *Certain Cut-to-Length Carbon-Quality Steel Plate from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; Calendar Year 2017*, 84 FR 42893 (August 19, 2019) (*CTL Plate from Korea 2017 Final*) and accompanying IDM at 4; see also *Large Diameter Welded Pipe from the Republic of Korea: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 83 FR 30693 (June 29, 2018) (*LDWP from Korea Prelim*) and accompanying PDM at 21-22, unchanged in *Large Diameter Welded Pipe from the Republic of Korea: Final Affirmative Countervailing Duty Determination*, 84 FR 6369 (February 27, 2019) (*LDWP from Korea Final*) and accompanying IDM at 14.

⁹⁶ See 19 CFR 351.524(a) and (c).

⁹⁷ See Hyundai Steel's Preliminary Calculation Memorandum.

⁹⁸ See Dongbu's January 4, 2019 Initial QR at 48-50.

⁹⁹ See Hyundai Steel's January 4, 2019 Initial QR at 17.

¹⁰⁰ See *CORE Investigation Final*; and *CORE First Admin Review*.

¹⁰¹ See GOK's February 13, 2019 Initial QR at 38.

¹⁰² See *LDWP from Korea Prelim*, PDM at 19, unchanged in *LDWP from Korea Final*, IDM at 14; and *CTL Plate from Korea 2017 Prelim*, PDM at 10.

To calculate the net subsidy rate, we divided the amount of the tax savings received by Hyundai Steel by its total sales during the POR. On this basis, we preliminarily determine that Hyundai Steel received a countervailable subsidy rate of 0.02 percent *ad valorem* under this program.¹⁰³ Dongbu reported it did not use this program during the POR.

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

Under RSTA Article 25(3), any Korean national that makes an investment in environmental conservation facilities prescribed by Article 22-3 in the Presidential Decree can apply for a tax credit amounting to 10 percent of the investment amount which can be deducted from its corporate tax.¹⁰⁴ Under the version of RSTA Article 25(3) effective during the POR, the credit rate for this program was three percent. However, Hyundai Steel accrued the credit it claimed under this program in previous years, when the credit rate was 10 percent. In its response, Hyundai Steel noted that companies can accrue credits in one year and delay claiming an exemption for up to five years.¹⁰⁵ Therefore, for purposes of our analysis, we relied on the claim made under the program, as included in the 2016 tax return, filed during the POR, pursuant to 351.509(b)(1).

We preliminarily determine that the GOK provided a financial contribution to the recipients in the form of revenue forgone, 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 provided under section 771(5)(E) of the Act and described in 19 CFR 351.509(a), effectively, the amount of the tax credit claimed. We preliminarily determine that the provision of this tax benefit is specific, in fact, to an enterprise or industry or group thereof, pursuant to section 771(5A)(D)(iii) of the Act. The GOK reported that 311 companies were approved for assistance under this program.¹⁰⁶ Because only 311 companies benefitted from this program during the period corresponding to tax year 2016, we preliminarily determine that this program is *de facto* specific under section 771(5A)(D)(iii)(I) of the Act, because the actual number of recipients is limited. Our finding is consistent with *CTL Plate from Korea 2017*, where Commerce found that out of 645,061 corporate tax returns filed in 2016, only 311 claimed the Article 25(3) tax deduction.¹⁰⁷

To calculate the net subsidy, we divided the amount of the tax savings received by Hyundai Steel by its total sales during the POR. On this basis, we preliminarily determine that Hyundai Steel received a countervailable subsidy rate of 0.05 percent *ad valorem* under this program. Dongbu reported it did not use this program during the POR.

¹⁰³ See Hyundai Steel's Preliminary Calculation Memorandum.

¹⁰⁴ See Hyundai Steel's January 4, 2019 Initial QR at 32 and Exhibits D-16 and D-17.

¹⁰⁵ *Id.* at Exhibit D-16.

¹⁰⁶ *Id.* at 149.

¹⁰⁷ See *CTL Plate from Korea 2017 Final*, IDM at 11; and *LDWP from Korea Prelim*, PDM at 20, unchanged in *LDWP from Korea Final*, IDM at 14.

6. Tax Deduction Under Restriction of Special Taxation Act (RSTA) Article 26

Under Article 26 of the RSTA, the GOK provides tax incentives to companies that make investments in their respective fields of businesses. 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 categories of companies 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 noted that there were no changes made to this program during the POR, except with regard to small or medium enterprises.¹⁰⁸ The relevant law authorizing the credit, RSTA Article 26, limits this program to enterprises or industries within a designated geographical region within the jurisdiction of the authority providing the subsidy, areas outside the Seoul Metropolitan Area.¹⁰⁹ Hyundai Steel claimed tax credits under this program on the tax return filed during the POR.¹¹⁰ Dongbu reported it did not use this program during the POR.¹¹¹

We preliminarily determine that the tax reductions under RSTA Article 26 constitute a financial contribution in the form of revenue forgone, 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.¹¹²

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 0.28 percent *ad valorem* for Hyundai Steel.¹¹³

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

The DRR Program was developed in November 2014 to allow the Korea Power Exchange (KPX) to respond in a timely manner to any imbalance between supply and demand of electricity in the market, curb peak demand, optimize the construction of additional generators, and save the supply cost of electricity.¹¹⁴ The program contains two sub-programs, the DRR Program for Peak Curtailment and the DRR Program for Electricity Price Curtailment.¹¹⁵ The former program is designed to curtail load during peak electricity demand periods, and the latter is

¹⁰⁸ See GOK’s February 13, 2019 Initial QR at 43.

¹⁰⁹ *Id.* at 44.

¹¹⁰ See Hyundai Steel’s January 4, 2019 Initial QR at 17 and Exhibit B-2.

¹¹¹ See Dongbu’s January 4, 2019 Initial QR at 44.

¹¹² See *CTL Plate from Korea 2017 Final* IDM at 11; and *LDWP from Korea Prelim*, PDM at 20-21, unchanged in *LDWP from Korea Final*, IDM at 14.

¹¹³ See Hyundai Steel’s Preliminary Calculation Memorandum.

¹¹⁴ See GOK’s February 13, 2019 Initial QR at 224-236.

¹¹⁵ *Id.* at 225.

intended to minimize power generation costs through price competition.¹¹⁶ The KPX, which manages the DRR Program, pays multiple private Demand Management Business Operators, also called “aggregators,” which have direct, contractual relationships with end users of the program.¹¹⁷ End users receive cash payments from those aggregators.¹¹⁸ Prior to that exchange between the KPX and the aggregators, the Korea Electric Power Corporation (KEPCO) pays the KPX for the latter’s role in demand curtailment under the program.¹¹⁹ KPX is majority-owned by KEPCO, which is, in turn, majority-owned by the GOK.¹²⁰ This program is established and operated under Article 31 of the Electricity Business Law (EBL) and Chapter 12 of the Rules on Operation of Electricity Utility Market (ROEUM).¹²¹

Consistent with our prior findings, we preliminarily find KEPCO to be an “authority” within the meaning of section 771(5)(B) of the Act.¹²² 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 Dongbu and Hyundai Steel, in accordance with 19 CFR 351.504(a). Our findings in this regard are consistent with prior CVD proceedings involving Korea.¹²³

The GOK submits that a limited number of companies were approved for the assistance under this program in 2017,¹²⁴ though participation in it is available to “all entities” in Korea.¹²⁵ 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 were limited in number. Our findings in this regard are consistent with Commerce’s approach in prior CVD proceedings involving Korea.¹²⁶

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 subsidy rate under this program during the POR. On this basis, we preliminarily determine the net subsidy rate that Hyundai Steel received under this program to be 0.06 percent *ad valorem* for 2017. Dongbu received benefits from the program, but provided information showing that the benefits were not measurable during the POR.¹²⁷

¹¹⁶ *Id.*

¹¹⁷ *Id.* at 225-228.

¹¹⁸ *Id.*

¹¹⁹ *Id.* at 228.

¹²⁰ *Id.* at 230-231.

¹²¹ *Id.* at 226.

¹²² See *CORE First Admin Review*, IDM at 8, and *CTL Plate from Korea 2017 Final*, IDM at 7.

¹²³ *Id.*

¹²⁴ See GOK’s February 13, 2019 Initial QR at 235; and *CTL Plate from Korea 2017 Final*, IDM at 7.

¹²⁵ See GOK’s February 13, 2019 Initial QR at 234.

¹²⁶ See *CTL Plate from Korea 2017 Final*, IDM at 7; and *LDWP from Korea Prelim*, PDM at 15, unchanged in *LDWP from Korea Final*, IDM at 13.

¹²⁷ See Dongbu’s January 4, 2019 Initial QR at 52 and Exhibits D-1 and D-4.

8. 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.¹²⁸ Under this program, the Ministry of Land, Infrastructure, and Transport of the GOK provides grants to administering agencies for truck-to-rail “modal shift” entities, and the Ministry of Oceans and Fisheries of the GOK provides grants to administering agencies for truck-to-marine freight “modal shift” entities. This program is established and operated under Article 21 of the Sustainable Transportation Logistics Development Act, Article 24 of its Enforcement Decree, and Article 9 of the Regulations on Modal Shift Agreement (MSA).¹²⁹

Hyundai Steel reported that it used this program and received grants during the POR.¹³⁰ 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.¹³¹

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. With respect to specificity, the GOK submits that, for the period between 2014 through 2017, there were a limited number of companies that were approved for/received assistance under this program.¹³² 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.¹³³ Our findings are consistent with prior CVD proceedings involving Korea.¹³⁴

We preliminarily determine that a benefit exists in the amount of the grant received by Hyundai Steel during the POR. To calculate the net countervailable subsidy rate for the POR, we divided the amount of assistance received by Hyundai Steel’s total sales. Accordingly, we preliminarily determine the net subsidy rate that Hyundai Steel received under this program is 0.01 percent *ad*

¹²⁸ See GOK’s February 13, 2019 Initial QR at 192 for the description of the program.

¹²⁹ *Id.* at 193-194.

¹³⁰ See Hyundai Steel’s January 4, 2019 Initial QR at 33-34 and Exhibit D-18.

¹³¹ *Id.* at Exhibit D-18.

¹³² *Id.* at 200 (BPI) for a more complete description of the number of companies involved in the program.

¹³³ See, e.g., *NOES from Korea*, IDM at 11 and 13; see also *Welded Line Pipe from the Republic of Korea: Final Negative Countervailing Duty Determination*, 80 FR 61365 (October 13, 2015), and accompanying IDM at 36; and Statement of Administrative Action (SAA) accompanying H.R. 5110, H.R. Doc. No. 316, 103d Cong., 2d Sess. 911, 929 (1994) (“The 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.”).

¹³⁴ See *CTL Plate from Korea 2017 Prelim*, PDM at 12, unchanged in *CTL Plate from Korea 2017 Final*, IDM at 4; and *LDWP from Korea Prelim*, PDM at 23, unchanged in *LDWP from Korea Final*, IDM at 15.

valorem. Dongbu reported that it did not participate in, or receive benefits under, this program.¹³⁵

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

Hyundai Steel

1. Provision of Port Usage Rights at the Port of Incheon

We initiated an investigation of the provision of port usage rights at the port of Incheon with respect to Hyundai Steel, based on a new subsidy allegation filed by the petitioners. Hyundai Steel reported receiving benefits under this program. However, because the net subsidy rate calculated based on the amount of the benefit is not measurable, we have not examined the countervailability of this program.¹³⁶

2. Hyundai Steel's Acquisition of Suncheon Land

Hyundai Steel reported that it received tax benefits under RSLTA Article 78, due to its location in industrial complexes, including the Yulchon Industrial Complex, where the Suncheon Works and Suncheon Forging Works are located.¹³⁷ The Yulchon Industrial Complex is located in the Gwangyang Bay Free Economic Zone (GFEZ), the local administrative authority for the Yulchon Industrial Zone.¹³⁸ Commerce has previously countervailed such tax exemptions, and Hyundai Steel reported benefits received under the RSLTA Article 78 program.¹³⁹ However, in addition to benefits under RSLTA Article 78, both the GOK and Hyundai Steel provided information on its land purchases and details of its land transactions in the GFEZ.¹⁴⁰

When answering the “other subsidies” questions in the initial questionnaire, Hyundai Steel reported that it had land purchases during the AUL, some of which were from government entities. We issued supplemental questionnaires to the GOK and Hyundai Steel.¹⁴¹ Each party responded.¹⁴²

¹³⁵ See Dongbu's January 4, 2019 Initial QR at 60.

¹³⁶ See Hyundai Steel's Preliminary Calculation Memorandum.

¹³⁷ See Hyundai Steel's January 4, 2019 Initial QR at 33.

¹³⁸ *Id.*

¹³⁹ *Id.* at 19 and Exhibit C-1.

¹⁴⁰ See Hyundai Steel's Letter, “Rebuttal Comments to U.S. Steel's Submission to Rebut, Clarify, or Correct Hyundai Steel's Questionnaire Response,” dated January 25, 2019 at Exhibit 8; *see also* Hyundai Steel's July 24, 2019 SQR at 2-7; and GOK's July 24, 2019 SQR at 2-4 and Exhibits FEZ-1 to FEZ-7.

¹⁴¹ See Commerce's Letter to the GOK, “Administrative Review of the Countervailing Duty Order on Certain Corrosion-Resistant Steel Products from the Republic of Korea: First Supplemental Questionnaire,” dated July 3, 2019; *see also* Commerce's Letter to Hyundai Steel, Administrative Review of the Countervailing Duty Order on Certain Corrosion-Resistant Steel Products from the Republic of Korea: First Supplemental Questionnaire,” dated July 3, 2019.

¹⁴² See GOK's July 24, 2019 Supplemental Questionnaire Response (GOK's July 24, 2019 SQR); *see also* Hyundai Steel's July 24, 2019 SQR.

Due to the business proprietary nature of information in these responses, a more detailed discussion of this matter can be found in Hyundai Steel's Preliminary Calculation Memorandum.¹⁴³ The transaction between Hyundai Hysco and the GFEZ was not a straightforward land purchase transaction. Rather, in accordance with Article 38 of the Industrial Sites and Development Act in Korea and Article 40 of its Enforcement Decree, the GFEZ was developing an industrial zone, *i.e.*, the Yulchon Industrial Zone. Hyundai Hysco entered into a development contract for the Suncheon land in February 1997.¹⁴⁴ The sales price charged by the GFEZ to Hyundai Hysco, took into account various costs according to the Industrial Complex Development Cost Calculation Table, such as site expenses, liability for the site, development cost, construction of infrastructure expenses, direct labor cost, and other expenses.¹⁴⁵ The development contract was amended several times in subsequent years.¹⁴⁶

Hyundai Steel acquired Hyundai Hysco's cold-rolling business in 2013, and in July 2015, Hyundai Hysco was finally merged into Hyundai Steel.¹⁴⁷ Prior to its merger with Hyundai Steel, Hyundai Hysco made several payments towards the purchase of the Suncheon land, and in 2012 paid the balance due on the land, at the request of the GFEZ.¹⁴⁸ The GOK also provided a copy of its development cost recalculation report for the Yulchon Industrial Complex, based on which the GFEZ determined the value of the land sold to Hyundai Hysco.¹⁴⁹ In the final stages of Hyundai Hysco's merger with Hyundai Steel, Hyundai Steel and the GFEZ agreed to the final price for the land, which resulted in a refund of a certain amount to Hyundai Steel in June 2015.¹⁵⁰

In their pre-preliminary comments, the petitioners argued that Commerce should apply adverse facts available (AFA) to Hyundai Steel for this program.¹⁵¹ We find that the responses provided by the GOK and Hyundai Steel provide sufficient detail for us to rely on for these preliminary results. Therefore, we preliminarily find that the application of AFA is not warranted.

With respect to the issue whether there are subsidies regarding this transaction, pursuant to 19 CFR 351.311(b), during a CVD investigation or administrative review, if Commerce discovers a practice that: (1) was not alleged or examined in the proceeding; (2) appears to provide a countervailable subsidy; and (3) sufficient time remains, it will examine the practice before the final deadline. Based on the information provided by the GOK and Hyundai Steel, pursuant to 19 CFR 351.311(b), we preliminarily do not find an appearance of a countervailable subsidy with respect to the Suncheon land purchases.¹⁵²

¹⁴³ See Hyundai Steel's Preliminary Calculation Memorandum.

¹⁴⁴ See Hyundai Steel July 24, 2019 SQR at 2.

¹⁴⁵ See GOK's July 24, 2019 SQR at 4 and Exhibit FEZ-3.

¹⁴⁶ See Hyundai Steel July 24, 2019 SQR at Exhibits 68-75.

¹⁴⁷ See Hyundai Steel July 24, 2019 SQR at 3, and Hyundai Steel's November 28, 2018 Affiliation QR at 18-19.

¹⁴⁸ See Hyundai Steel July 24, 2019 SQR at 4-5.

¹⁴⁹ See GOK's July 24, 2019 SQR at 3 and Exhibit FEZ-5.

¹⁵⁰ See Hyundai Steel July 24, 2019 SQR at 6.

¹⁵¹ See U.S. Steel Pre-Preliminary Comments on Suncheon Land.

¹⁵² See Hyundai Steel's July 24, 2019 SQR at 2-7 and Exhibits 68-81; *see also* GOK's July 24, 2019 SQR at 2-4 and Exhibits FEZ-1 to FEZ-7.

Moreover, Hyundai Steel received a refund from the GFEZ for its purchase of the Suncheon land. If we were to consider the refund amount as a non-recurring grant, the amount would be expensed in the year of approval and, thus, would have no impact during the POR.

3. KEXIM Bank Import Financing
4. KEXIM Short-Term Export Credits
5. KEXIM Export Factoring
6. KEXIM Export Loan Guarantees
7. KEXIM Loan Guarantees for Domestic Facility Loans
8. KEXIM Trade Bill Rediscounting Program
9. KEXIM Overseas Investment Credit Program
10. KDB and IBK Short-Term Discounted Loans for Export Receivables
11. Loans under the Industrial Base Fund
12. K-SURE Export Credit Guarantees
13. K-SURE Short-Term Export Credit Insurance
14. Long-Term Loans from KORES and KNOC
15. Clean Coal Subsidies
16. GOK Subsidies for “Green Technology R&D” and its Commercialization
17. Support for SME “Green Partnerships”
18. Tax Deduction under RSTA Article 10(1)(1)
19. RSTA Article 10(1)(2)
20. RSTA Article 11
21. RSTA 104(14)
22. RSLTA Articles 19, 31, 46, 84, LTA 109, 112, and 137
23. Tax Reductions and Exemptions in Free Economic Zones
24. Grants and Financial Support in Free Economic Zones
25. Sharing of Working Opportunities/Employment Creating Incentives
26. R&D Grants under ITIPA
27. GOK Infrastructure Investment at Incheon North Harbor
28. Machinery & Equipment (KANIST R&D) Project
29. Grant for Purchase of Electrical Vehicle
30. Power Business Law Subsidies
31. Provision of Liquefied Natural Gas (LNG) for LTAR
32. 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
33. The GOK’s Purchases of Electricity for MTAR
34. Incentives for Compounding and Prescription Cost Reduction
35. Incentives for Usage of Yeongil Harbor in Pohang City
36. VAT Exemptions on Imported Goods
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. Suncheon Harbor Port Usage Fee Exemptions
42. Seoul Guarantee Insurance
43. Subsidies for Pohang Art Festival
44. Other Transactions with Government Entities
45. Fast-Track Restructuring Program
46. Reduction for Sewerage Usage Fee

Dongbu

1. KEXIM Bank Import Financing
2. RSTA Article 25(2): Tax Deductions for Investments in Energy Economizing Facilities
3. RSLTA Article 78: Acquisition and Property Tax Benefits to Companies Located in Industrial Complexes
4. RSTA Article 26: GOK Facilities Investment Support
5. Power Business Law Subsidies
6. Provision of Liquefied Natural Gas (LNG) for LTAR
7. 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
8. KEXIM Short-Term Export Credits
9. KEXIM Export Factoring
10. KEXIM Export Loan Guarantees
11. KEXIM Trade Bill Rediscounting Program
12. KEXIM Overseas Investment Credit Program
13. KDB and IBF Loans under the Industrial Base Fund
14. K-SURE Export Credit Guarantees
15. K-SURE Short-Term Export Credit Insurance
16. Long-Term Loans from KORES and KNOC
17. Special Accounts for Energy and Resources (SAER) Loans
18. Clean Coal Subsidies
19. GOK Subsidies for "Green Technology R&D" and its Commercialization
20. Support for SME "Green Partnerships"
21. Daewoo International Corporation Debt Work Out
22. Research, Supply or Workforce Development Investment Tax Deduction for "New Growth Engines" under RSTA Article 10(1)(1)
23. Research, Supply, or Workforce Development Expense Tax Deductions for "Core Technologies" under RSTA Article 10(1)(2)
24. Tax Reduction for Research and Human Resources Development under RSTA Article 10(1)(3)
25. Tax Credit for Investment in Facilities for Research and Manpower under RSTA Article 11
26. Tax Deduction for Investment in Environmental and Safety Facilities under RSTA Article 25(3)

27. Tax Program for Third-Party Logistics Operations under RSTA Article 104(14)
28. RSLTA Articles 46, 84
29. Tax Reductions and Exemptions in Free Economic Zones
30. Exemptions and Reductions of Lease fees in Free Economic Zones
31. Grants and Financial Support in Free Economic Zones
32. Modal Shift Program
33. Sharing of Working Opportunities/Employment Creating Incentives
34. R&D Grants under Industrial Technology Innovation Promotion Act (ITIPA)
35. GOK Infrastructure Investment at Incheon North Harbor
36. Machinery & Equipment (KANIST R&D) Project
37. Grant for the Purchase of an Electric Vehicle
38. The GOK's Purchases of Electricity from Corrosion-Resistant Steel Producers for MTAR
39. Land Purchase at Asan Bay
40. Dongbu's Exemptions from Payment of Harbor Fees
41. Grants from the Korea Agency for Infrastructure Technology Advancement

IX. 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

9/6/2019

X



Signed by: JEFFREY KESSLER

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance