Federal government and its related entities; and

(e) Anyone whose job duties or  
official work capacity are closely related  
to the statistical model that is  
the subject of the competition is not eligible.

(4) Procedure for obtaining additional  
information:

(a) The Census Bureau will monitor  
questions or discussion posted on the  
Kaggle.com competition site.

(b) Entrants may also direct questions  
to CensusRateChallenge@  
gov.

(5) Judge and Judging Procedures.

(a) Until the last day of the  
competition, Entrants’ scores and ranks  
on the Public Leaderboard on the Kaggle  
Web site will be calculated from the  
predicted results in an Entrants’  
submission and the ground truth of a  
validation dataset. At the close of  
the competition, the scores and associated  
ranks on the Public Leaderboard will be  
calculated from the predicted results  
and ground truth in the private testing  
dataset to confirm accuracy. The top-3  
Entrant(s), based on the results using the  
private testing database, will be  
declared as tentative Prize Winners.

(b) A week before the end of the  
competition, there will be a  
visualization competition. The goal of  
this competition will be to create  
insightful visualizations from the data  
that was provided for the predictive  
modeling competition. There will be a  
single winner who will be chosen by  
Kaggle community vote on the Web site.  
This winner of the visualization  
competition will receive one thousand  
dollars as a prize.

(c) The evaluation metric that forms  
the basis for the Leaderboard scores  
will be displayed on the Web site. Because  
of variability in block group population  
counts, the evaluation metric may be  
weighted by the 2010 Census  
population block group count.

(d) As a condition of receipt of the  
prize, the winner(s) must deliver the  
algorithm’s code and documentation to  
the Census Bureau. The source code  
must contain a description of resources  
required to build and run the algorithm.  
The individual winner, or each  
individual on a team should the winner  
be a team Entrant, will be required to  
complete, sign and return a Declaration  
of Eligibility, Non-Exclusive License,  
and Release form.

(e) The prize may be delivered by U.S.  
mail or electronically. To facilitate  
electronic delivery, the winner will need  
to submit a financial account  
information sufficient to support  
electronic transfer of the prize.

(f) Regardless of the method of  
delivering the prize money, the  
Entrant(s) may be subject to Federal  
and/or state income taxation. Entrant(s)  
may be required to fill out tax and  
related forms before receiving the prize.

Kaggle will provide necessary forms at  
the end of the challenge to the winning  
Entrants.

(g) For more information on judging  
and judging procedures, please refer to  
http://www.kaggle.com/c/us-census-  
challenge/details/rules.

(6) Intellectual property/Copyright.

Each Entrant warrants, upon submitting  
an entry, that he or she is the sole owner  
of the submission, and that the  
submission is wholly original with the  
Enterant and does not infringe on any  
copyright or other rights of any third  
party of which the Entrant is aware.

Each Entrant (a) grants to Census Bureau  
and its designees a worldwide, non-  
exclusive, sub-licensable, transferable,  
fully paid-up, royalty-free, perpetual,  
irrevocable license to use, not use,  
reproduce, distribute, create derivative  
works of, publicly-perform, publicly-  
display, digitally-perform, make, have  
made, sell, offer for sale and import  
each Entry and the algorithm used to  
produce the Entry, in any media now  
known or hereafter developed, for any  
purpose whatsoever, commercial or  
otherwise, without further approval by  
by or payment to Entrant (the “License”)  
and (b) that he/she/it has the  
unrestricted right to grant the License.

(8) General. In the Census Bureau’s  
sole discretion, the Census Bureau may  
cancel, suspend, and/or modify the  
competition, in whole or part, for any  
reason. By participating in this  
competition, the Entrant(s) fully and  
unconditionally agrees to abide by all  
competition rules stated in this Notice  
and found at www.kaggle.com.

Dated: September 14, 2012.

Thomas L. Mesenbourg, Jr.,
Acting Director, Bureau of the Census.

[FR Doc. 2012-23333 Filed 9–20–12; 8:45 am]
BILLING CODE 3510-07-P

DEPARTMENT OF COMMERCE
Foreign-Trade Zones Board
[Order No. 1845]

Grant of Authority: Establishment of a  
Foreign-Trade Zone, Brunswick, ME

Pursuant to its authority under the Foreign-  
Trade Zones Act of June 18, 1934, as  
amended (19 U.S.C. 81a–81u), the Foreign-  
Trade Zones Board (the Board) adopts  
the following Order:

Whereas, the Foreign-Trade Zones Act  
provides for “* * * of foreign-trade zones  
in ports of entry of the United States, to  
expedite and encourage foreign commerce,  
and for other purposes,” and authorizes  
the Foreign-Trade Zones Board to grant  
qualified corporations the privilege of  
establishing foreign-trade zones in or  
adjacent to U.S. Customs and Border  
Protection ports of entry;

Whereas, the Midcoast Regional  
Redevelopment Authority (the Grantee)  
has made application to the Board (FTZ  
Docket 49–2011, filed 07/26/11)  
requesting the establishment of a  
foreign-trade zone in Brunswick, Maine,  
adjacent to the Portland U.S. Customs  
and Border Protection port of entry;

Whereas, notice inviting public  
comment has been given in the Federal  
Register (76 FR 45772, 08/01/11) and  
the application has been processed  
pursuant to the FTZ Act and the Board’s  
regulations; and,

Whereas, the Board adopts the  
findings and recommendations of the  
examiner’s report, and finds that the  
requirements of the FTZ Act and  
Board’s regulations are satisfied, and  
that approval of the application is in the  
public interest;

Now, therefore, the Board hereby  
grants to the Grantee the privilege of  
establishing a foreign-trade zone,  
designated on the records of the Board  
as Foreign-Trade Zone No. 282, as  
described in the application, and subject  
to the FTZ Act and the Board’s  
regulations, including Section 400.13,  
and to the Board’s standard 2,000-acre  
activation limit for the overall general-  
purpose zone.

Signed at Washington, DC, this 7th day of  
September 2012.

Rebecca Blank,
Acting Secretary of Commerce, Chairman and  
Executive Officer, Foreign-Trade Zones  
Board.

Attest:
Andrew McGilvray,
Executive Secretary.

[FR Doc. 2012-23362 Filed 9–20–12; 8:45 am]
BILLING CODE 3510-05-P
SUMMARY: The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty (CVD) order on corrosion-resistant carbon steel flat products (CORE) from the Republic of Korea (Korea) for the period of review (POR) January 1, 2010, through December 31, 2010. For information on the net subsidy for Dongbu Steel Co., Ltd. (Dongbu), Hyundai HYSCO Ltd. (HYSCO), and Pohang Iron & Steel Co. Ltd. (POSCO), for the companies reviewed, see the “Preliminary Results of Review” section of this notice. Interested parties are invited to comment on these preliminary results.

DATES: Effective Date: September 21, 2012.


SUPPLEMENTARY INFORMATION:

Background

On August 17, 1993, the Department published in the Federal Register the CVD order on CORE from Korea. On August 1, 2011, the Department published a notice of opportunity to request an administrative review of this CVD order.

On August 31, 2011, we received timely requests for review of the countervailing duty order from HYSCO. We also received a timely request for review of Dongbu, HYSCO, and POSCO, from United States Steel Corporation, petitioner. On October 3, 2011, the Department published a notice of initiation of the administrative review of the CVD order on CORE from Korea covering the period January 1, 2010, through December 31, 2010.

On October 5, 2011, the Department initiated an investigation of the new subsidy allegations against HYSCO, and POSCO. On April 24, 2012, the Department initiated an investigation of the new subsidies allegations against Dongbu, HYSCO, and POSCO. On April 25, 2012, and April 26, 2012, we issued the new subsidies questionnaire to Dongbu and POSCO, respectively. On May 7, 2012, we issued new subsidy questionnaires to HYSCO and the GOK. On May 18, 2012, the Department received a response from POSCO. On May 25, 2012 and June 19, 2012, the Department received responses from HYSCO and Dongbu. The Department issued additional questionnaires to HYSCO regarding the new subsidy allegations on July 16, 2012 and July 24, 2012, and received responses from HYSCO on July 20, 2012, and August 2, 2012. The Department issued an additional supplemental questionnaire to the GOK regarding the new subsidy allegations on July 16, 2012 and July 24, 2012, and August 3, 2012, and received responses from the GOK on August 7, 2012, and August 15, 2012. The Department issued an additional supplemental questionnaire to Dongbu regarding the new subsidy allegations on July 17, 2012, and received Dongbu’s response on July 27, 2012.

In accordance with 19 CFR 351.213(b), this review covers only those producers or exporters for which a review was specifically requested. The companies subject to this review are Dongbu, HYSCO, and POSCO.

Affiliated Companies

In the present administrative review, record evidence indicates that Pohang Steel Co., Ltd. (POCOS) is a majority-owned production facility of POSCO. Under 19 CFR 351.525(b)(6)(ii), if the firm that received a subsidy is a holding company, including a parent company with its own operations, the Department will attribute the subsidy to the consolidated sales of the holding company and its subsidiaries. Thus, we attributed subsidies received by POCOS to POSCO and its subsidiaries, net of intra-company sales. Dongbu reported that it is the only member of the Dongbu group in Korea that was involved with the sale of subject merchandise to the United States. HYSCO reported that it is a member of the Hyundai Motor Group and is affiliated with members of that group. Under 19 CFR Section 351.525(b)(6)(vi), if an input supplier and a downstream producer are cross-owned, and the production of the input product is primarily dedicated to production of the downstream product, the Department will attribute the subsidies received by the input producer to the combined sales of the input and downstream products produced by both corporations, net of intra-company sales. HYSCO reported that there are no companies that own HYSCO shares which meet the standard for cross-ownership in 19 CFR 351.525(b)(6)(vi), and all of the companies in which HYSCO owns the majority of shares are located outside of Korea.

Scope of the Order

Products covered by this order are certain corrosion-resistant carbon steel flat products from Korea. These products include flat-rolled carbon steel products, of rectangular shape, 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 or coated with plastics or other nonmetallic substances in addition to the metallic coating, in coils (whether or not in successively superimposed layers) and of a width of 0.5 inch or greater, or in straight lengths which, if of a thickness less than 4.75 millimeters, are of a width of 0.5 inch or greater and which measures at least 10 times the thickness or if of a thickness of 4.75 millimeters or more are of a width which exceeds 150 millimeters and measures at least twice the thickness. The merchandise subject to this order is currently classifiable in...
the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings: 7210.30.0000, 7210.31.0000, 7210.39.0000, 7210.40.0000, 7210.49.0030, 7210.49.0090, 7210.49.0091, 7210.49.0095, 7210.60.0000, 7210.61.0000, 7210.69.0000, 7210.70.6030, 7210.70.6060, 7210.70.6090, 7210.90.1000, 7210.90.6000, 7210.90.9000, 7212.20.0000, 7212.21.0000, 7212.29.0000, 7212.30.1030, 7212.30.1090, 7212.30.3000, 7212.30.5000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7212.60.0000, 7215.90.1000, 7215.90.5000, 7217.12.1000, 7217.13.1000, 7217.19.1000, 7217.19.5000, 7217.20.1500, 7217.22.5000, 7217.23.5000, 7217.29.1000, 7217.29.5000, 7217.30.15.0000, 7217.32.5000, 7217.33.5000, 7217.39.1000, 7217.39.5000, 7217.90.1000 and 7217.90.5000. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department’s written description of the merchandise is dispositive.

Subsidies Valuation Information

A. Benchmarks for Short-Term Financing

For those programs requiring the application of a won-denominated, short-term interest rate benchmark, in accordance with 19 CFR 351.505(a)(2)(iv), we used as our benchmark the company-specific weighted-average interest rate for commercial won-denominated loans outstanding during the POR. This approach is in accordance with 19 CFR 351.505(a)(3)(i) and the Department’s practice.11

B. Benchmark for Long-Term Loans

During the POR, HYSCO had outstanding countervailable long-term won-denominated loans from government-owned banks and Korean commercial banks. We used the following benchmarks to calculate the subsidies attributable to respondents’ countervailable long-term loans obtained through 2009:

(1) For countervailable, won-denominated long-term loans, 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 1991.12 The use of a corporate bond rate as a long-term benchmark interest rate is consistent with the approach the Department has taken in several prior Korean CVD proceedings.13 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-denominated loans in Korea because it is widely accepted as the market rate in Korea.14 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 our practice.12

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.

Average Useful Life

Pursuant to 19 CFR 351.524(d)(2), we will presume the allocation period for non-recurring subsidies to be the average useful life (AUL) of renewable physical assets for the industry concerned as listed in the Internal Revenue Service’s (IRS) 1997 Class Life Asset Depreciation Range System, as updated by the Department of the Treasury. The presumption will apply unless a party claims and establishes that the IRS tables do not reasonably reflect the company-specific AUL or the country-wide AUL for the industry under examination and that the difference between the company-specific and/or country-wide AUL and the AUL from the IRS tables is significant. According to the IRS tables, the AUL of the steel industry is 15 years. No interested party challenged the 15-year AUL derived from the IRS tables. Thus, in this review, we have allocated, where applicable, all of the non-recurring subsidies provided to the producers/exporters of subject merchandise over a 15-year AUL.

I. Programs Determined To Be Countervailable

A. Promotion of Specialized Enterprises for Parts and Materials

Under the Act on Special Measures for the Promotion of Specialized Enterprises for Parts and Materials (Promotion of Specialized Enterprises Act), the GOK shares the costs of research and development (R&D) projects with companies or research institutions. The goal of the program is to support technology development for core parts and materials necessary for technological innovation and improvement in competitiveness.13 The program is administered by the Ministry of Knowledge Economy (MKE) and Korea Evaluation Institute of Industrial Technology (KEIT).14

In accordance with Articles 3 and 4 of the Promotion of Specialized Enterprises Act, MKE prepares a base plan and a yearly execution plan for the development of the parts and materials industry.15 Under the execution plan, MKE announces to the public a detailed business plan for the development of parts and materials technology.16 This business plan includes support areas, qualifications, and the application process.17 According to the GOK, any person or company can participate in the program by preparing an R&D business plan that conforms with the requirements set forth in the MKE business plan.18 The completed application must then be submitted to KEIT, which evaluates the application and selects the projects eligible for

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11 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) (Stainless Steel Investigation) and “Analysis Memorandum on the Korean Domestic Bond Market” (March 9, 1999).
12 See Id.; see also Final Affirmative Countervailing Duty Determination: Structural Steel Beams from the Republic of Korea, 65 FR 41051 (July 3, 2000) (H Beams Investigation), and accompanying Issues and Decision Memorandum 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) (DRAMS Investigation), and accompanying Issues and Decision Memorandum at “Discount Rates and Benchmark for Loans.”
13 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) (Steel Products from Korea).
14 See, e.g., CORE from Korea 2006 Decision Memorandum at “Benchmark for Long Term Loans.”
15 See GOK’s November 30, 2011, questionnaire response (GOK’s November QR) at Exhibit P-1.
16 Id.
17 See GOK’s November QR at Exhibit P-1.
18 Id. at 2.
19 Id.
20 Id.
government support.\textsuperscript{19} After the selected application is finally approved by MKE, MKE and the participating companies enter into an R&D agreement and then MKE provides the grant.\textsuperscript{20} R&D project costs are shared by the GOK and companies or research institutions as follows: (1) When the group of companies involved in the research is made up of a ratio below two-thirds small to medium-sized companies, the GOK provides a grant up to one-half of the project cost.\textsuperscript{21}

Upon completion of the project, if the GOK evaluates the project as “successful”, the participating companies must repay 40 percent of the R&D grant to the GOK over five years.\textsuperscript{22} However, if the project is evaluated by the GOK as “not successful”, the company does not have to repay any of the grant amount to the GOK.\textsuperscript{23}

In the final results of administrative review of the CVD order on CORE From Korea covering the period January 1, 2008, through December 31, 2008, the Department determined that the Promotion of Specialized Enterprises Act was de jure specific under section 771(5A)(D)(i) of the Act, because it is expressly limited to (1) enterprises specializing in components and materials and (2) enterprises specializing in development of technology for components and materials.\textsuperscript{24} No information on the record of this review leads us to reconsider that determination and, thus, we continue to find, preliminarily, that this program is de jure specific within the meaning of 771(5A)(D)(i) of the Act. We also preliminarily find that a financial contribution was provided within the meaning of section 771(S)(D)(i) of the Act because the GOK’s payments constitute a direct transfer of funds.\textsuperscript{25}

HYSCO reported that during the POR, it was involved in one R&D project under this program. See HYSCO’s November QR at 17. In the Final Results of CORE From Korea 2008, we treated a portion of the subsidy that does not have to be repaid as a grant and the remaining portion of the subsidy that may have to be repaid as a long-term, interest-free contingent liability loan.\textsuperscript{26} This approach is consistent with the Department’s regulation and practice.\textsuperscript{27} We have adopted the same approach in these preliminary results.

To determine the benefit from the GOK funds HYSCO received under the Specialized Enterprises Act program, we calculated the GOK’s contribution for the assistance that was apportioned to HYSCO. See 19 CFR 351.504(a). As described immediately above, we treated a portion of this benefit as a grant. In accordance with 19 CFR 351.524(b)(2), we determined whether to allocate the non-recurring benefit from the grants over a 15-year AUL by dividing the GOK-approved grant amount by the company’s total sales in the year of approval. Because the approved amount was less than 0.5 percent of the company’s total sales, we expensed the grant to the year of receipt, i.e., to 2010, the POR in this review.

With respect to the portion of the subsidy that we are treating as a long-term, interest-free contingent liability loan, pursuant to 19 CFR 351.505(d)(1) for the reasons described above, we find the benefit to be equal to the interest that HYSCO would have paid during the POR had it borrowed the full amount of the contingent liability loan during the POR. Pursuant to 19 CFR 351.505(d)(1), we used a long-term interest rate as our benchmark to calculate the benefit of a contingent liability interest-free loan because the event upon which repayment of the duties depends (i.e., the completion of the R&D project) occurs at a point in time more than one year after the date in which the grant was received. Specifically, we used the long-term benchmark interest rates as described in the “Subsidies Valuation” section of these preliminary results.

To calculate the total net subsidy rate for this program, we summed the benefits provided under this program. Next, to calculate the net subsidy rate, we divided the portion of the benefit allocated to the POR by HYSCO’s total f.o.b. sales for 2010.\textsuperscript{28} On this basis, we preliminarily determine the net subsidy rate under this program to be 0.02 percent \textit{ad valorem} for HYSCO.

B. Restriction of Special Taxation Act (RSTA) Article 26

Under RSTA Article 26, a company can claim a tax credit equal to a certain percentage of its investments in its facilities.\textsuperscript{29} According to the GOK, the goal of this program is to boost general national economic activity.\textsuperscript{30} In its response to the Department’s October 5, 2011, questionnaire, the GOK submitted information which indicated that these tax credits are expressly limited to a corporation’s investments in facilities located outside the “Overcrowding Control Region” of the Seoul Metropolitan Area (“SMA”).\textsuperscript{31} Specifically, the GOK provided a complete translation of Article 23(1) of the Enforcement Decree of the RSTA in its November QR for the program is limited to investments made outside the Overcrowding Control Region of the SMA.\textsuperscript{32} Moreover, the GOK also stated that corporate investments in facilities located within the Overcrowding Control Region of the SMA are not eligible for credits under this tax program.\textsuperscript{33}

Because information provided by the GOK indicates that the tax credit under this program is limited by law to enterprises or industries within a designated geographical region within the jurisdiction of the authority providing the subsidy, we preliminarily find that this program is regionally specific in accordance with section 771(5A)(D)(iv) of the Tariff Act of 1930, as amended (“the Act”).\textsuperscript{34} The tax credit is a financial contribution in the form of revenue foregone by the government within the meaning of section 771(5)(D)(ii) of the Act, which provides a benefit to the recipient equal to the difference between the taxes actually paid and the taxes otherwise payable in...
the absence of this program within the meaning of 19 CFR 351.509(a)(1). These findings are consistent with the determinations in Bottom Mount Refrigerators From Korea, and 2009 Review of the Countervailing Duty Order on Corrosion-Resistant Carbon Steel Flat Products From Korea: Post-Preliminary Analysis Memorandum for Hyundai HYSO Co., Ltd.35

HYSO and POSCO indicated that their companies used RSTA Article 26 credits during the 2010 POR.36

To calculate the subsidy rate for HYSO and POSCO during the POR, we divided each company’s benefit, which is the tax credit claimed by the company under this program in its tax return filed in 2010, by the company’s total sales during the POR. On this basis, we preliminarily determine the countervailable subsidy provided under this program to be 0.06 percent ad valorem for HYSO and 0.08 percent ad valorem for POSCO.

G. Asset Revaluation (TERCL Article 56(2) of the Tax Reduction and Exemption Control Act (TERCL))

Under Article 56(2) of the TERCL, the GOK permitted companies that made an initial public offering between January 1, 1987, and December 31, 1990, to revalue their assets at a rate higher than the 25 percent required of most other companies under the Asset Revaluation Act. The Department has previously found this program to be countervailable. For example, in the CTL Plate Investigation, the Department determined that this program was de facto specific under section 771(5A)(D)(iii) of the Tariff Act of 1930, as amended (the Act), because the actual recipients of the subsidy were limited in number and the basic metal industry was a dominant user of this program.37

We also determined that a financial contribution was provided in the form of tax revenue foregone pursuant to section 771(5)(D)(ii) of the Act.38 The Department further determined that a benefit was conferred within the meaning of section 771(5)(E) of the Act on those companies that were able to revalue their assets under TERCL Article 56(2) because the revaluation resulted in participants paying lower taxes than they would otherwise pay absent the program. Id. No new information or evidence of changed circumstances was presented in this review to warrant any reconsideration of the countervailability of this program.

The benefit from this program is the difference that the revaluation of depreciable assets has on a company’s tax liability each year. Evidence on the record indicates that, in 1989, POSCO made an asset revaluation that increased its depreciation expense. To calculate the benefit to POSCO, we took the additional depreciation listed in the tax return filed during the POR, which resulted from the company’s asset revaluation, and multiplied that amount by the tax rate applicable to that tax return. We then divided the resulting benefit by POSCO’s total free on board (f.o.b.) sales. See 19 CFR 351.525(b)(3).

On this basis, we preliminarily determine the net countervailable subsidy to be 0.01 percent ad valorem for POSCO. Dongbu and HYSO did not use this program during the POR.

D. Exemption of VAT on Imports of Anthracite Coal

Under Article 106 of Restriction of Special Taxation Act (RSTA), imports of anthracite coal are exempt from the value added tax (VAT). In the Cold-Rolled Investigation, we determined that the program is de jure specific under section 771(5A)(D)(i) of the Act. Because the GOK allows for only a few items to be exempt from VAT, the items allowed to be imported without paying VAT are limited.39 We also determined that the VAT exemptions under the program constitute a financial contribution under section 771(5)(D)(ii) of the Act, as the GOK is not collecting revenue otherwise due, and that the exemptions confer a benefit under section 771(5)(E) of the Act equal to the amount of the VAT that would have otherwise been paid if not for the exemption. No new information, evidence of changed circumstances, or comments from interested parties was presented in this review to warrant any reconsideration of the countervailability of this program. Therefore, we preliminarily continue to find that this program is de jure specific within the meaning of section 771(5A)(D)(i) of the Act because it is limited, constitutes a financial contribution in the form of forgone revenue under section 771(5)(D)(ii) of the Act, and confers a benefit in the amount of the revenue foregone within the meaning of 771(5)(E) of the Act.

Dongbu and HYSO reported that their companies did not use the program during the POR.40 POSCO imported anthracite coal during the POR and, therefore, received a benefit in the amount of the VAT that it should have otherwise paid if not for the exemption. To determine POSCO’s benefit from the VAT exemption on these imports, we calculated the amount of VAT that would have been due absent the program on the total value of anthracite coal POSCO imported during the POR. We then divided the amount of this tax benefit by POSCO’s total f.o.b. sales. Based on this methodology, we preliminarily determine the POSCO received a countervailable subsidy of 0.07 percent ad valorem.

E. Other Subsidies Related to Operations at Asan Bay: Provision of Land and Exemption of Port Fees Under Harbor Act

1. Provision of Land

As explained in the Cold-Rolled Investigation, the GOK’s overall development plan is published every 10 years and describes the nationwide land development goals and plans for the balanced development of the country. Under these plans, the Ministry of Construction and Transportation (MOCAT) prepares and updates its Asan Bay Area Broad Development Plan.41 The Korea Land Development Corporation (Koland) is a government investment corporation that is responsible for purchasing, developing, and selling land in the industrial sites.42 In the Cold-Rolled Investigation, we verified that the GOK, in setting the price per square meter for land at the Kodai Industrial Estate, removed the 10 percent profit component from the price


36 See HYSO’s November QR at 10 and Exhibit B-3 and POSCO’s November 29, 2011 QR at 12 and Exhibits B-2, B-3, and B-4.


38 Id.

39 See Cold-Rolled Decision Memorandum at “Exemption of VAT on Imports of Anthracite Coal.”

40 See HYSO’s November QR at 14 and Dongbu’s November 28, 2011, questionnaire response at 14.

41 See Notice of Final Affirmative Countervailing Duty Determination: Certain Cold-Rolled Carbon Steel Flat Products from the Republic of Korea, 67 FR 62102 (October 3, 2002) (Cold-Rolled Investigation), and accompanying Issues and Decision Memorandum (Cold-Rolled Decision Memorandum) at “Provision of Land at Asan Bay.”

42 Id.
charged to Dongbu. In the Cold-Rolled Investigation, we further explained that companies purchasing land at Asan Bay must make payments on the purchase and development of the land before the final settlement. However, in the case of Dongbu, we found that the GOK provided an adjustment to Dongbu’s final payment to account for “interest earned” by the company for the pre-payments. HYSCO and POSCO reported that their companies did not use this program.

In the Cold-Rolled Investigation, we determined that the price discount and the adjustment of Dongbu’s final payment to account for “interest earned” by the company on its pre-payments were countervailable subsidies. Specifically, the Department determined that they were specific under section 771(5A)(D)(iii)(I) of the Act, as they were limited to Dongbu. Further, the Department found the price discount and the price adjustment for “interest earned” constituted financial contributions in the form of grants under section 771(5)(D)(i) of the Act and conferred benefits in the amount of grants within the meaning of section 771(5)(E) of the Act. Id. No new information, evidence of changed circumstances, or comments from interested parties was presented in this review to warrant any reconsideration of the countervailability of this program. Therefore, we preliminarily continue to find that the program is de facto specific within the meaning of section 771(5A)(D)(iii)(I) of the Act because it is limited to Dongbu, constitutes a financial contribution in the form of grants under sections 771(5)(D)(i), and confers a benefit in the amount of the price discount and the price adjustment within the meaning of 771(5)(E) of the Act.

Consistent with the Cold-Rolled Investigation, we have treated the land price discount and the interest earned refund as non-recurring subsidies. In accordance with 19 CFR 351.524(b)(2), because the grant amounts were more than 0.5 percent of the company’s total sales in the year of receipt, we applied the Department’s standard grant methodology, as described under 19 CFR 351.524(d)(1), and allocated the subsidies over a 15-year allocation period. See the “Average Useful Life” section above. To calculate the benefit from these grants, we used our discount rate the rates described above in the “Subsidies Valuation Information” section. We then summed the benefits received by Dongbu during the POR. We calculated the net subsidy rate by dividing the total benefit attributable to the POR by Dongbu’s total f.o.b. sales for the POR. On this basis, we determine a net countervailable subsidy rate for Dongbu of 0.09 percent ad valorem for the POR.

2. Exemption of Port Fees Under the Harbor Act

Under the Harbor Act, companies are allowed to construct infrastructure facilities at Korean ports; however, these facilities must be deeded back to the government. Because the ownership of these facilities reverts to the government, the government compensates private parties for the construction of these infrastructure facilities. Because a company must transfer to the government its infrastructure investment, under the Harbor Act, the GOK grants the company free usage of the facility and the right to collect fees from other users of the facility for a limited period of time. Once a company has recovered its cost of constructing the infrastructure, the company must pay the same usage fees as other users of the infrastructure.

In the Cold-Rolled Investigation, the Department found that Dongbu received free use of harbor facilities at Asan Bay based upon both its construction of a port facility as well as a road that the company built from its plant to the port. The Department also determined that Dongbu received an exemption of harbor fees for a period of almost 70 years under this program. In the Cold-Rolled Investigation, the Department found the exemption from the fees to be a countervailable subsidy. No new information, evidence of changed circumstances, or comments from interested parties was presented in this review to warrant any reconsideration of the countervailability of this program. Thus, we preliminarily continue to find that the program is countervailable and is specific under section 771(5A)(D)(iii)(I) of the Act because the excessive exemption period of 70 years is limited to Dongbu. Moreover, we preliminarily determine that the GOK is foregoing revenue that it would otherwise collect by allowing Dongbu to be exempt from port charges for up to 70 years and, thus, the program constitutes a financial contribution within the meaning of section 771(5)(D)(ii) of the Act. Further, we preliminarily determine that the exemptions confer a benefit under section 771(5)(E) of the Act in the amount of the port charges that were not collected.

In the Cold-Rolled Investigation, the Department treated the program as a recurring subsidy and determined that the benefit is equal to the average yearly amount of harbor fee exemptions provided to Dongbu. For purposes of these preliminary results, we have employed the same benefit calculation. To calculate the net subsidy rate, we divided the average yearly amount of exemptions by Dongbu’s total f.o.b. sales for the POR. On this basis, we preliminarily determine that Dongbu’s net subsidy rate under this program is 0.02 percent ad valorem.

II. Programs Preliminarily Determined Not To Confer a Benefit During the POR

A. Research and Development Grants Under the Industrial Technology Innovation Promotion Act (ITIPA)

The GOK’s Industrial Technology Innovation Promotion Act program is designed to foster future new industries and enhance the competitiveness of primary industries through fundamental technology development. The program is administered by MKE and the Korean Evaluation Institute of Industrial Technology (KEIT).

Under the Industrial Technology Innovation Promotion Act, GOK provides R&D grants to support the areas of transportation system, industrial materials, robots, biomedical equipments, clean manufacturing foundation, knowledge services and industry convergence technology. Pursuant to Article 11 of the Industrial Technology Innovation Promotion Act, KEIT prepares a basic plan for the development of technology, on behalf of MKE. This plan includes the R&D projects that are eligible, describes the application process, and designates the supporting documentation required. The plan is announced to the public. According to

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\[52\text{Id.}\]
the GOK, any person who wishes to participate in the program prepares an R&D business plan that meets the requirements set forth in the basic plan and then submits the application to the GOK’s Application Review Committee, which then evaluates the application to determine if it conforms to the terms and conditions set forth in the basic plan.\(^{57}\) If the application is approved, MKE and the company enter into an R&D agreement and then MKE provides the grant.\(^{58}\)

The costs of the R&D projects under this program are shared by the company (or research institution) and the GOK.\(^{59}\) Specifically, the grant ratio for project costs are as follows: (1) For projects with one small/medium-sized enterprise (SME), the GOK provides grants up to three-fourths of the project costs, and (4) for projects with more than two participants of which SMEs comprise more than two-thirds of the participant ratio, the GOK provides grants up to one-half of the project costs, (3) for projects with more than two participants of which SMEs comprise less than two-thirds of the participant ratio, the GOK provides up to one-half of the project costs.\(^{60}\)

When the project is evaluated as “successful” upon completion, the participating companies must repay 40 percent of the R&D grant to the GOK over five years.\(^{61}\) However, when the project is evaluated as “not successful,” the company does not have to repay the project.\(^{62}\)

If the application is approved, HYSCO and POSCO received grants under the Industrial Technology Innovation Promotion Act for R&D projects in which the companies participated with other firms.\(^{63}\)

Concerning HYSCO, the nature of the projects for which it received the grants is business proprietary and cannot be discussed in this public notice.\(^{64}\) Based upon our review of program documents submitted in the response, we preliminarily determine that one grant received is related to the second step of the project discussed in the section “Research and Development Grants Under the Industrial Development Act (ITIPA)” in Preliminary Results of CORE from Korea 2009, in which the Department determined that grants received for this particular project under this program are attributable to non-subject merchandise.\(^{65}\) Upon review of the information submitted by HYSCO and the GOK, we find that the terms and conditions of this grant project remain unchanged from the Preliminary Results of CORE from Korea 2009 and preliminarily determine that this grant pertains specifically to production of a product that is not subject merchandise.\(^{66}\) Therefore, consistent with 19 CFR 351.525(b)(5) and our past practice, we preliminarily determine that this grant was bestowed in connection with the production of a product that is not subject merchandise. Hence we did not include this grant in our benefit calculations. In addition, HYSCO reported receiving another grant during the POR for a project that is being performed under the ITIPA.\(^{67}\) Dividing the amount of this grant by HYSCO’s total sales, results in a net subsidy rate that is less than 0.005 percent \(ad\) \(valorem\) and, thus, is not numerically insignificant.

POSCO also reported receiving grants under the ITIPA prior to and during the POR.\(^{68}\) Dividing the sum of POSCO’s total sales in the corresponding year results in a net subsidy rate that is less than 0.005 percent \(ad\) \(valorem\). Consistent with the Department’s practice, we find that the grants received by HYSCO and POSCO under this program are not measurable.\(^{69}\) Consequently, we preliminarily determine that it is not necessary for the Department to make a finding as to the counter-availablility of the grants POSCO received under this program. If a future administrative review of this proceeding is requested, we will further examine grants provided under ITIPA.

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\(^{57}\) See Preliminary Results of CORE from Korea 2009, 76 FR at 54213 and HYSCO’s November QR at Exhibit Q–4.

\(^{58}\) See GOK’s November QR at 16 and Q–1; HYSCO’s November QR at 17, Q–1; Q–2, and Q–3, and POSCO’s November 30, 2011, QR at Exhibit Q–2.

\(^{59}\) See Memorandum to the File titled “HYSCO’s R&D Grants Under the ITIPA”, (August 30, 2012), of which a public version is in file in IA Access.

\(^{60}\) See Memorandum to the File titled “HYSCO’s R&D Grants Under the ITIPA” (August 31, 2012), of which a public version is in file in IA Access.

\(^{61}\) Id.

\(^{62}\) Id.

\(^{63}\) Id.

\(^{64}\) Id.

\(^{65}\) See Memorandum to the File titled “HYSCO’s R&D Grants Under the ITIPA” (August 31, 2012), of which a public version is in file in IA Access.

\(^{66}\) Id.

\(^{67}\) Id.

\(^{68}\) See Memorandum to the File titled “HYSCO’s R&D Grants Under the ITIPA” (August 31, 2012), of which a public version is in file in IA Access.

\(^{69}\) See, e.g., CORE from Korea 2006 Decision Memorandum at “GOK’s Direction of Credit” and Preliminary Results of CORE from Korea 2009, 76 FR at 54213.

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B. R&D Grants Under the Act on the Promotion of the Development, Use, and Diffusion of New and Renewable Energy

The GOK’s Development of Use, and Diffusion of New and Renewable Energy Program (formerly the Development of Alternative Energy Program) is reportedly designed to contribute to the preservation of the environment, the sound and sustainable development of the national economy, and the promotion of national welfare by diversifying energy resources through promoting technological development, the use and diffusion of alternative energy, and reducing the discharge of gases harmful to humans or the environment by activating the new and renewable energy industry.\(^{70}\) The program is administered by the Ministry of Knowledge Economy (MKE), Korea Energy Management Corporation (KEMCO), and the Korea Institute of Energy Technology Evaluation and Planning (KETEP).\(^{71}\)

Under the Act on the Promotion of the Development, Use, and Diffusion of New and Renewable Energy (New and Renewable Energy Act), the GOK provides R&D grants to support the following businesses: (1) Electric and Nuclear Power Development, (2) Energy and Resources Technology Development, and (3) New and Renewable Energy Technology Development.\(^{72}\)

Pursuant to Articles 5 and 6 of the New and Renewable Energy Act, MKE prepares a base plan and a yearly execution plan for the development of new and renewable energy.\(^{73}\) The base and execution plans are announced to the public.\(^{74}\) According to the GOK, any person who wishes to participate in the program prepares an R&D business plan and then submits the application to the KETEP, which then evaluates the application and selects the projects eligible for government support.\(^{75}\) After the selected application is finally approved by MKE, KEMCO, and the general supervising institute of the consortium enter into an R&D agreement and then MKE provides the grant through KEMCO.\(^{76}\)

The costs of the R&D projects under this program are shared by the company (or research institution) and the GOK.\(^{77}\) Specifically, the grant ratio for project

\(^{70}\) See Preliminary Results of CORE from Korea 2009, 76 FR at 54209, 54213–54214, unchanged in Final Results of CORE from Korea 2009.

\(^{71}\) Id. at 54214.

\(^{72}\) Id.

\(^{73}\) Id.

\(^{74}\) Id.

\(^{75}\) Id.

\(^{76}\) Id.

\(^{77}\) Id.
costs are as follows: (1) For large companies, the GOK provides grants up to one-half of the project costs, (2) for small/medium-sized companies, the GOK provides grants up to three-fourths of the project costs, (3) for a consortium, the GOK provides grants up to three-fourths of the project costs, and (4) for others, the GOK provides grants up to one-half of the project costs. When the project is evaluated as “successful” upon completion, the participating companies must repay 40 percent of the R&D grant to the GOK. However, when the project is evaluated as “not successful”, the company does not have to repay any of the grant amount to the GOK.

During the POR, HYSCO received an energy-related grant under the New and Renewable Energy Act for a project in which the company participated with other firms. HYSCO reported that the R&D grant under the New and Renewable Energy Act are provided with specific projects, which are generally multi-year projects where the amount of funds to be provided by the GOK is set out in the project contract. The cost of R&D projects under this program is shared by the participating company and the GOK. HYSCO points to the Department’s prior decision concerning this project in Preliminary Results of CORE from Korea 2009, and reiterates its claim that the project for which the grant was received from the government was not related to subject merchandise.

HYSCO New and Renewable Energy Grant Memorandum, of which a public version is on file in IA Access.

In Final Results of CORE from Korea 2006, the Department found that the GOK enacted the Overseas Resource Development (ORD) Business Act in order to establish the foundation for securing the long-term supply of essential energy and major material minerals, which are mostly imported because of scarce domestic resources. Pursuant to Article 11 of this Act, MKE annually announces its budget and the eligibility criteria to obtain a loan from MKE. Any company that meets the eligibility criteria may apply for a loan to MKE. The loan evaluation committee evaluates the applications, selects the recipients and gets approval from the minister of MKE. For projects related to the development of strategic mineral resources, the Korean Resources Corporation (KORES) lends the funds to the company for foreign resources development. During the POR, as in the prior administrative review, HYSCO had outstanding loans from KORES for investment in a copper mine in Mexico. Based upon examination of the loan documents and our prior determination concerning these loans, we preliminarily determine that the KORES loans are tied to copper, which is non-subject merchandise. Further, we find that copper is not an input primarily dedicated to the production of subject merchandise. On this basis, we find the KORES loans are tied and attributable to non-subject merchandise. Therefore, we preliminarily determine that HYSCO did not receive a benefit from this program with respect to the subject merchandise during the POR.

C. Overseas Resource Development Program: Loan From Korea Resources Corporation (KORES)

In Final Results of CORE From Korea 2007, the Department found that the GOK enacted the Overseas Resource Development (ORD) Business Act in order to establish the foundation for securing the long-term supply of essential energy and major material minerals, which are mostly imported because of scarce domestic resources. Pursuant to Article 11 of this Act, the MKE annually announces its budget and the eligibility criteria to obtain a loan from MKE. Any company that meets the eligibility criteria may apply for a loan to MKE. For projects that are related to petroleum and natural gas, the Korea National Oil Corporation (KNOC) lends the funds to the company for foreign resources development. An approved company enters into a borrowing agreement with KNOC for the development of the selected resource. Two types of loans are provided under this program: “General loans” and “success-contingent loans”. For a success-contingent loan, the repayment obligation is subject to the results of the development project. In the event that the project fails, the company will be exempted for all or a portion of the loan repayment obligation. However, if the project succeeds, a portion of the project income is payable to KNOC.

During the POR, HYSCO had outstanding loans from KNOC related to petroleum exploration projects. Based upon examination of the loan documents and our determinations concerning these loans in the prior

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[ Footnotes ]

78 If the ratio of small to medium-sized companies in a consortium is above two-thirds, the GOK provides grants up to one-half of the project costs. See GOK’s November QR, Exhibit R–1.

79 Preliminary Results of CORE from Korea 2009, 76 FR at 52414.

80 Id.

81 Id.

82 See GOK’s November QR at 17–18 and Exhibit R–3.

83 See HYSCO’s November QR at Exhibit R–3.

84 Id.

85 Id. at 19 citing to Preliminary Results of CORE from Korea 2009, 76 FR at 52414, in which the Department found the grant in question to be tied to non-subject merchandise, unchanged in the Final Results of CORE from Korea 2009; see also Memorandum to the File titled “HYSCO’s R&D Grants under the Act on the Promotion of the Development, Use, and Diffusion of New and Renewable Energy” (August 24, 2011), submitted as Exhibit R–4 of HYSCO’s November QR.

86 See Memorandum to the File titled “HYSCO’s R&D Grants under the Act on the Promotion of the consistent with 19 CFR 351.525(b)(5) and our past practice, we preliminarily determine that this grant is tied to non-subject merchandise. Hence, we preliminarily determine that the New and Renewable Energy Act did not confer a benefit during the POR.

87 See Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Preliminary Results of Countervailing Duty Administrative Review, 73 FR 52315, 52326 (September 9, 2008) (Preliminary Results of CORE from Korea 2006), unchanged in Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review, 74 FR 2512 (January 15, 2009) (Final Results of CORE from Korea 2006), and accompanying Issues and Decision Memorandum at “Programs Determined To Be Not Used”.

88 See GOK’s November QR at Exhibit S–1.

89 Id.

90 Id.

91 Id.

92 See HYSCO’s November QR at 20, Exhibit 8 at 15 and HYSCO’s March 30, 2012 QR at Exhibits 15 and 16.

93 Preliminary Results of CORE from Korea 2009, 76 FR at 52414–52415, unchanged in Final Results of CORE from Korea 2009.

94 See 19 CFR 351.525(b)(5).


96 See GOK’s November QR at Exhibit T–1.

97 Id.

98 Id.

99 Id.

100 Id.

101 Id.

102 See HYSCO’s November QR at 20 and Exhibit 8 at 16 and HYSCO’s March 30, 2012, QR at 11 and Exhibit 17.
administrative review, we preliminarily determine that the KNOC loans are tied to petroleum exploration, which does not involve subject merchandise.\(^{103}\) On this basis, we find the KNOC loans are tied and attributable to non-subject merchandise.\(^{104}\) Therefore, we preliminarily determine that HYSCO did not receive a benefit from this program with respect to the subject merchandise during the POR. We will continue to examine this program in future reviews.

E. Pre-1992 Direct Credit

During the POR, POSCO was the only respondent company that had pre-1992 long-term loans outstanding during the POR.\(^ {105}\) Assuming, *arguedo*, that the benefit under this program is equal to the sum of POSCO’s total interest payments made during the POR, the resulting net subsidy rate would be less than 0.005 percent *ad valorem* when attributed to POSCO’s total sales, which is not numerically significant. Thus, consistent with the Department’s practice, we are excluding this amount from the net countervailable subsidy rate.

F. Document Acceptance (D/A) Financing Provided Under KEXIM’s Trade Rediscount Program and D/A Loans Issued by the KDB and Other Government-Owned Banks

Under section 771(5)(B)(iii) of the Act, a subsidy can be found whenever the government “makes a payment to a funding mechanism to provide a financial contribution, or entrusts or directs a private entity to make a financial contribution * * * to a person and a benefit is thereby conferred.” In the CFS Investigation, we determined that KEXIM’s trade bill rediscount program constitutes a payment to a funding mechanism because the rediscount ceiling KEXIM provides to banks participating under the program is contingent on banks subsequently lending the funds to exporters.\(^ {106}\) Section 771(5)(B)(iii) of the Act also states that financial contributions from funding mechanisms can be a subsidy only if providing the contribution would normally be vested in the government and the practice does not differ in substance from practices normally followed by the government.

This is the “government subsidy function” prong of an indirect financial contribution. As determined in the CFS Investigation, under this program banks are performing a government subsidy function and, therefore, their loans can qualify as subsidies.\(^ {107}\) Therefore, we find that loans from banks under the rediscount program constitute financial contributions within the meaning of section 771(5)(D)(i) of the Act and confer a benefit upon exporters, in accordance with section 771(5)(E)(ii) of the Act, to the extent the amount exporters pay under the program is less than the amount they would pay on comparable commercial loans they could obtain on the market. Because receipt of the loans is contingent upon export performance, we also determine that KEXIM’s rediscount program is specific within the meaning of section 771(5A)(B) of the Act.

In the CFS investigation, we further determined that D/A Loans issued by the KDB and other government-owned banks constitute a financial contribution in the form of a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act.\(^ {108}\) In addition, we determined that such loans confer a benefit, in accordance with section 771(5)(E)(ii) of the Act, to the extent the amount exporters pay under the program is less than the amount they would pay on comparable commercial loans they could obtain on the market.\(^ {109}\) Because receipt of D/A loans is contingent upon export performance, we also determined that D/A loans from the KDB and other government-owned banks are specific within the meaning of section 771(5A)(B) of the Act.\(^ {110}\) In the CFS Investigation, we further found that subsidies on the loans under KEXIM’s trade bill rediscount program are tied to sales of subject merchandise to the United States in accordance with 19 CFR 351.525(b)(4) and (5).

Accordingly, we limited our benefit calculations to D/A loans issued on sales of subject merchandise to the United States.\(^ {111}\) We preliminarily determine that there is no information on the record that warrants a reconsideration of the Department’s prior findings.

Dongbu reported receiving short-term D/A financing from commercial banks that participated in KEXIM’s Trade Rediscount Program and D/A Loans issued by the KDB and other government-owned banks during the POR. To calculate the benefits to Dongbu under these programs, we compared the amount that Dongbu paid on all of its D/A loans from commercial banks outstanding during the POR to the amount Dongbu paid on comparable commercial loans.\(^ {112}\) Because loans under these programs are discounted (i.e., interest is paid up front at the time the loans are received), the effective rate paid by respondents on their D/A loans is a discounted rate. The benefits Dongbu received were less than 0.005 percent of its total export sales of subject merchandise to the United States during the POR, which is not numerically significant. Therefore, we are preliminarily excluding the amount from the net countervailable subsidy rate. HYSCO, POSCO and POSCOS did not report any D/A financing from commercial banks during the POR.\(^ {113}\)

G. R&D Grants Under the Special Act on Balanced National Development

During the POR, HYSCO reported that it received a research and development grant under the Special Act on Balanced National Development (National Development Act).\(^ {114}\)

Upon review of the information submitted by HYSCO and the GOK, we preliminarily determine that the grant pertains specifically to the production of a product that is not subject merchandise.\(^ {115}\) Therefore, consistent with 19 CFR 351.525(b)(5), we preliminarily determine that the National Development Act did not confer a benefit to the production or export of subject merchandise during the POR. If a future administrative review of this proceeding is requested, we will reconsider whether grants provided under the National Development Act confer a benefit.

H. Subsidies Related to HYSCO’s 2004 Purchase of Hanbo Steel (Hanbo)

In January 1997, Korea’s then second largest steelmaker, Hanbo Steel, collapsed under enormous debt and entered into bankruptcy proceedings, falling under the receivership of the

\(^{103}\) Preliminary Results of COORE from Korea 2009, 76 FR at 54215 unchanged in Final Results of COORE from Korea 2009.

\(^{104}\) See 19 CFR 351.525(b)(5).

\(^{105}\) See GOK’s November QR at 3 and POSCOS’s November QR at 9.

\(^{106}\) See CFS Decision Memorandum at “Export Loans by Commercial Banks Under KEXIM’s Trade Bill Rediscounting Program.”

\(^{107}\) See CFS Decision Memorandum at “Export Loans by Commercial Banks Under KEXIM’s Trade Bill Rediscounting Program.”

\(^{108}\) See CFS Decision Memorandum at “D/A Loans Issued by the KDB and Other Government-Owned Banks.”

\(^{109}\) Id.

\(^{110}\) Id.

\(^{111}\) Id.

\(^{112}\) See 19 CFR 351.505(a)(2)(iv).

\(^{113}\) See HYSCO’s November QR at 16 and POSCOS’s November QR at 18.

\(^{114}\) See HYSCO’s March QR at 2 and 5, see also GOK’s August 7, 2012, questionnaire response (August 7 QR) at Exhibit V–1.

\(^{115}\) The exact nature of the project for which the R&D grant was received is business proprietary information. See Memorandum to the File titled “HYSCO’s R&D Grants under the Act on the Promotion of the Special Act on Balanced National Development” (August 31, 2012) of which a public version is on file in IA Access.
Seoul Central District Bankruptcy Court (Bankruptcy Court). Petitioner alleged that from 1996 to 2000 the GOK provided credit, and also compelled Korean banks to provide credit, to Hanbo at a time when Hanbo was uncreditworthy.116 According to petitioner, these loans continue to benefit HYSCO during the POR. Petitioner further alleged that in the aftermath of Hanbo’s collapse, the GOK paid off Hanbo’s debts to its small- and medium-sized creditors in order to save them from going into bankruptcy themselves, resulting in debt forgiveness to Hanbo. In September 2004, Hanbo was purchased by a consortium consisting of HYSCO and INI Steel Co. through a public auction under the Bankruptcy Court’s supervision.117 As a result of this sale, HYSCO acquired Hanbo’s cold-rolled facility.118

Petitioner alleged that the Korea Asset Management Corporation, a GOK entity, held the majority of Hanbo’s debt at the time of its sale. Petitioner further alleged that the 2004 acquisition was not an arm’s-length, fair-market-value transaction. Specifically, petitioner alleged that the transaction was contingent upon HYSCO/INI agreeing to retain Hanbo’s workers for three years. Petitioner pointed out that under the Department’s change-in-ownership methodology, there is a rebuttable presumption that allocable subsidies to a company will continue to benefit the purchaser of the company or its assets if the sales transaction was not at arm’s length and for fair market value. Consequently, petitioner alleged that the 2004 transaction did not extinguish the benefit from the debt forgiveness that had been provided to Hanbo, resulting in an allocable benefit to HYSCO during the POR.

The Department initiated an investigation of petitioner’s allegations.119 The Department’s examination covers any GOK debt forgiveness to Hanbo from 1996 (the beginning of the 15-year AUL for this review) through September 2004 (the time of Hanbo’s purchase), which could conceivably result in benefits allocable to the 2010 POR, as well as any GOK loans to Hanbo that are still outstanding during the POR, to the extent such loans were assumed by HYSCO. With regard to petitioner’s loan allegations, the information submitted by HYSCO and the GOK indicates that INI/HYSCO’s 2004 purchase of Hanbo was an asset-only purchase and, thus, no liabilities were transferred to INI and HYSCO as part of the sale, i.e., HYSCO did not assume any of Hanbo’s debts.120 Therefore, we preliminarily find that, to the extent that Hanbo may have received GOK or GOK-directed loans, any subsidy from such loans did not benefit HYSCO during the POR.

With regard to petitioner’s debt forgiveness allegations, the questionnaire responses from HYSCO and the GOK indicate that none of Hanbo’s debt, including debts owed to suppliers and small- and medium-sized firms, was forgiven in 1996.121 Thus, we preliminarily find that the only debt forgiveness at issue is any debt forgiveness resulting from Hanbo’s bankruptcy beginning in 1997. Concerning the period 1997 until Hanbo’s purchase in 2004, the questionnaire responses from the GOK and HYSCO indicate that Hanbo’s debt was restructured pursuant to a court-supervised bankruptcy proceeding in accordance with Korea’s Corporate Reorganization Law.122 For example, effective January 31, 1997, the bankruptcy judge forbade Hanbo from liquidating any of its outstanding debt, transferring ownership, or engaging in any settlement or waiver.123 During its bankruptcy, Hanbo was overseen by a court-approved trustee.124 Further, the Bankruptcy Court’s approval was required for all of Hanbo’s major actions.125 Finally, the 2004 sale of Hanbo through public auction was an integral part of the bankruptcy process and thus, as with all the other elements in the bankruptcy, also subject to court approval.

Concerning the terms of the bankruptcy itself, Hanbo’s final reorganization plan, as approved by the Bankruptcy Court, indicates that, for the purposes of restructuring Hanbo’s debts, Hanbo’s creditors were divided into five categories depending on the type of creditor and existence of security:

- **120 Questionnaire responses further indicate that Hanbo received operating financing between 1998 and 2002, under court supervision, but that 2002 debt was gradually paid down by 2002 with operating income.**
- **121 See HYSCO’s June 19, 2012, submission at 1–2; see also the GOC’s August 15, 2012, submission at 1.**
- **122 See HYSCO’s June 19, 2012, submission at 1–4.**
- **123 Id. at Exhibit 3.**
- **124 Id. at 2.**
- **125 Id.**

Secured creditors, unsecured creditors, SME creditors, tax creditors, and related-party creditors.126 The documents further indicate that the repayment terms varied depending on the creditor group, but repayment terms were applied equally to creditors within the same creditor group.127 As a result of this debt restructuring, Hanbo’s debts were repaid at a discount with proceeds from the sale of assets. This process resulted in debt forgiveness to the extent that the debts were not repaid in full.

The Department addressed the issue of debt forgiveness in the context of bankruptcy proceedings in its final results of *Stainless Steel from Korea*, in which the Department explained that, in assessing the countervailability of the debt forgiveness, it examines whether:

1. The bankruptcy protection is generally available in the country in question.
2. The bankruptcy in question was inconsistent with the typical practice in the country.128

In *Stainless Steel from Korea*, the Department found that where bankruptcy proceedings are conducted pursuant to law that is generally available to all companies, and the particular company received no special or differential treatment in its bankruptcy process, debt forgiveness resulting from the bankruptcy procedures is not specific and, thus, not countervailable.129 There is no information on the record of the current proceeding that warrants reconsideration of the Department’s finding that bankruptcy proceedings are generally available to all companies in Korea.

In the case of Hanbo’s bankruptcy, we preliminarily find that it was conducted through legal proceedings generally available to all Korean companies.130 As

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116 See Petitioners December 20, 2011, submission at 12.
118 Id. at 7.
119 See Memorandum to Melissa G. Skinner, Director, Office 3, through Eric B. Greynolds, Program Manager, from Gayle Longest, Case Analyst, regarding New Subsidy Allegations (April 24, 2012).
119 Id. at 7.
120 See HYSCO’s August 2, 2012, submission at 1–2; see also the GOC’s August 15, 2012, submission at 1.
121 See HYSCO’s June 19, 2012, submission at 1–4.
122 Id. at Exhibit 3.
123 Id. at 2.
124 Id.
125 Id.
noted above, Hanbo entered into bankruptcy pursuant to Korea’s Corporate Reorganization Law, under court receivership at the Bankruptcy Court, with its management and operations subject to supervision by a court-approved trustee. Further, there is no evidence that Hanbo received special treatment in its bankruptcy case. Accordingly, the Department finds that Hanbo’s debt restructuring was not subject to government influence resulting in subsidies. Consequently, in accordance with the Department’s practice, we preliminarily find that to the extent the bankruptcy restructuring plan for Hanbo resulted in debt forgiveness, such debt forgiveness was not specific, as described under section 771(5)(D) of the Act and, thus, not countervailable.

Accordingly, absent any subsidy benefits that would be allocable to the POR, there is no need for the Department to analyze the 2004 sale of Hanbo as an arm’s-length, fair-market-value transaction pursuant to the Department’s change-in-ownership methodology.

I. RSTA 22: Corporation Tax Exemption on Dividend Income From Investment in Overseas Resource Development

Under RSTA Article 22, a domestic corporation, whose income for each business year ending before December 31, 2009, includes any dividend income from its investment in overseas resource development projects as prescribed by Presidential Decree (Enforcement Decree), is exempt from corporate tax for the portion of such dividend income that is exempted from the tax of the host country where the investment occurred. Article 19 of the Enforcement Decree of the RSTA prescribes the following investment projects as being eligible for this tax exemption: Agricultural products, Animal products, Fishery products, Forest products, and Mineral products.

POSCO reported that it had investments in overseas resource development projects as prescribed by the Enforcement Decree and received tax exemptions in the host country for these investments. The tax exemptions were reflected in the tax return that POSCO filed during the POR. Dongbu and HYSCO reported that they did not use this program.

We preliminarily determine that the tax exemptions POSCO received under this program 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 as described under section 771(5)(E) of the Act and 19 CFR 351.509(a). Further, we preliminarily determine that tax exemptions received under this program are specific under section 771(5)(A)(D)(i) because benefits are limited to firms with investment projects concerning agricultural, animal, fishery, forest, and mineral products. Under this program, the benefit is equal to the amount of added income taxes that POSCO would have paid absent the program. The benefits POSCO received were less than 0.005 percent of its total sales. Therefore, we preliminarily exclude the amount from POSCO’s net countervailable subsidy rate.

J. Reduction in Taxes for Operation in Regional and National Industrial Complexes

Under Article 46 of the Industrial Cluster Development and Factory Establishment Act (Industrial Cluster Act), a state or local government may provide tax exemptions as prescribed by the Restriction of Special Taxation Act. In accordance with this authority, Article 276 of the Local Tax Act provides that an entity that acquires real estate in a designated industrial complex for the purpose of constructing new buildings or enlarging existing facilities is exempt from the acquisition and registration tax. In addition, the entity is exempt from 50 percent of the property tax on the real estate (i.e., the land, buildings, or facilities constructed or expanded) for five years from the date the tax liability becomes effective. The 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 GOK established the tax exemption program under Article 276 in December 1994, 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. The program is administered by the local tax officials of the county where the industrial complex is located.

During the POR, pursuant to Article 276 of the Local Tax Act, HYSCO received exemptions from the acquisition tax, registration tax, and property tax based on the location of its manufacturing facilities, Suncheon Works, in the Yulchon Industrial Complex, and its facilities in the Ulsan Works industrial complex designated under the Industrial Cluster Act.

During the POR, POSCO and Dongbu received property reductions in connection with their facilities located in the Gwangyang Industrial Complex and Godae Industrial Complex, respectively. In addition, HYSCO, POSCO, and Dongbu received an exemption from the local education tax during the POR. The local education tax is levied at 20 percent of the property tax. The property tax exemption, therefore, results in an exemption of the local education tax.

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 a benefit under section 771(5)(E) and 19 CFR 351.509(a). We further preliminarily determine that the property tax exemptions provided under this program are specific under section 771(5)(A)(D)(iv) of the Act because benefits are limited to enterprises located within designated geographical regions. Our findings in this regard are consistent with the Department’s practice.

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 firms’ total sales. In the case of HYSCO, POSCO, and Dongbu, the resulting net subsidy rates were less than 0.005 percent ad valorem. Consistent with the Department’s practice, we find that the benefits received under this program are not measurable and, therefore, we have not included any benefits under this program in net subsidy rates of HYSCO and POSCO.\(^{136}\)

**III. Programs Preliminarily Determined To Be Not Used**

The following programs were part of the petitioner’s new subsidy allegations on which the Department initiated an investigation.\(^{137}\) Based on the information submitted by the GOK and the respondents, we preliminarily determine that these programs were not used during the POR.

- Corporate Tax Reduction for Facilities Located in the Godae Complex
- Income Tax Reduction for Facilities Located in the Godae Complex
- Cash Grants for Employees Working at Facilities in Jeollanamdo
- Training and Education Subsidies at Facilities in Jeollanamdo
- Support for New Investments in Facilities in Jeollanamdo
- Reduction in Rent for Facilities Located in Industrial Complexes
- Employment Subsidies for Large-Scale Investment in Ulsan
- Special Support for Large-Scale Investments in Ulsan
- Technology Development Loans for Facilities in Gwangyang Complex
- Foundation Loans for Facilities in Gwangyang Complex
- Loans from the National Agricultural Cooperation Federation
- Tax Incentives from Highly Advanced Technology Businesses Under the Foreign Investment and Foreign Capital Inducement Act
- D/A Loans Issued by the Korean Development Bank and Other Government-Owned Banks
- Export Loans by Commercial Banks Under KEXIM’s Trade Bill Rediscounting Program
- Short-term Export Financing
- Research and Development Grants Under the Industrial Development Act (IDA)

**Preliminary Results of Review**

In accordance with 19 CFR 351.224(b)(4)(i), we calculated an individual subsidy rate for each producer/exporter subject to this administrative review. For the period January 1, 2010, through December 31, 2010, we preliminarily determine the net subsidy rates for HYSCO, POSCO, and Dongbu to be 0.08, 0.16, 0.11, respectively, which are de minimis rates. See 19 CFR 351.106(c)(1).

The Department intends to issue assessment instructions to U.S. Customs and Border Protection (CBP) 15 days after the date of publication of the final results of this review. If the final results remain the same as these preliminary results, the Department will instruct CBP to liquidate without regard to countervailing duties all shipments of subject merchandise produced by HYSCO, POSCO, and Dongbu, entered, or withdrawn from warehouse, for consumption from January 1, 2010, through December 31, 2010. The Department will also instruct CBP to collect cash deposits of zero percent on shipments of the subject merchandise produced by HYSCO, POSCO, and Dongbu entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this review.

We will instruct CBP to continue to collect cash deposits for non-reviewed companies at the most recent company-specific or country-wide rate applicable to the company. Accordingly, the cash deposit rates that will be applied to companies covered by this order, but not examined in this review, are those established in the most recently completed administrative proceeding for each company. These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested.

**Disclosure and Public Comment**

Pursuant to 19 CFR 351.224(b), the Department will disclose to parties to the proceeding any calculations performed in connection with these preliminary results within five days after the date of the public announcement of this notice. We will notify parties of the schedule for submitting case briefs and rebuttal briefs, in accordance with 19 CFR 351.309(c) and 19 CFR 351.309(d)(1), respectively. Parties who submit argument in this proceeding are requested to submit with the argument: (1) A statement of the issue; and (2) a brief summary of the argument. Parties submitting case and/or rebuttal briefs are requested to provide the Department copies of the public version on disk.

Case and rebuttal briefs must be served on interested parties in accordance with 19 CFR 351.303(f). Pursuant to 19 CFR 351.310(c), within 30 days of the date of publication of this notice, interested parties may request a public hearing on arguments to be raised in the case and rebuttal briefs. Unless the secretary specifies otherwise, the hearing, if requested, will be held two days after the date for submission of rebuttal briefs.

Pursuant to 19 CFR 351.305(b)(4), representatives of parties to the proceeding may request disclosure of proprietary information under administrative protective order no later than 10 days after the representative’s client or employer becomes a party to

\(^{136}\) See, e.g., CORE from Korea 2006 Decision Memorandum at “GOK’s Direction of Credit.”

\(^{137}\) See Memorandum to Melissa G. Skinner, Director, Office 3, through Eric B. Greynolds, Program Manager, from Gayle Longest, Case Analyst, regarding New Subsidy Allegations (April 24, 2012).
the proceeding, but in no event later
than the date the case briefs, under
19 CFR 351.309(c)(i), are due. The
Department will publish the final
results of this administrative review,
including the results of its analysis of
issues raised in any case or rebuttal brief
or at a hearing.

These preliminary results of review
are issued and published in accordance
with sections 751(a)(1) and 777(i)(1) of
the Act and 19 CFR 351.221(b)(4).

Dated: September 17, 2012.
Paul Piquado,
Assistant Secretary for Import
Administration.

DEPARTMENT OF COMMERCE
International Trade Administration

Honey From Argentina; Final Results
of Sunset Reviews and Revocation
of Antidumping Duty and Countervailing
Duty Orders

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

SUMMARY: On July 2, 2012, the
Department of Commerce (the
Department) initiated sunset reviews
of the antidumping duty and
countervailing duty orders on honey
from Argentina. Because no domestic
interested party responded to the sunset
review notice of initiation by the
applicable deadline, the Department is
revoking the antidumping duty and
countervailing duty orders on honey
from Argentina.1 Because no domestic
interested party intends to
participate in the sunset reviews. See
19 CFR 351.218(d)(1)(iii)(A). On July 22,
2012, the Department notified the ITC in
writing that we intended to revoke the
antidumping duty and countervailing
duty orders on honey from Argentina.

Revocation

Pursuant to section 751(c)(3)(A) of
the Act and 19 CFR 351.218(d)(1)(iii)(B)(3),
if no domestic interested parties
respond to a notice of initiation, the
Department shall, within 90 days after
the initiation of the review, revoke the
order. Because no domestic interested
party filed a notice of intent to
participate in these sunset reviews, we
are revoking the antidumping duty and
countervailing duty orders on honey
from Argentina.

Effective Date of Revocation

Pursuant to sections 751(c)(3)(A) and
751(c)(6)(A)(iii) of the Act, and 19 CFR
351.222(i)(2)(i), the Department will
instruct U.S. Customs and Border
Protection to terminate the suspension
of liquidation of the merchandise

subject to these orders entered, or
withdrawn from warehouse, on or after
August 2, 2012, the fifth anniversary
of the date of publication of the last
continuation notice. Entries of subject
merchandise prior to the effective date
of revocation will continue to be subject
to suspension of liquidation and
antidumping duty and countervailing
duty deposit requirements. The
Department will complete any pending
reviews of these orders and will conduct
administrative reviews of subject
merchandise entered prior to the
effective date of revocation in response
to appropriately filed requests for
review.

These five-year (“sunset”) reviews and
this notice are issued and published
in accordance with sections 751(c) and
777(i)(1) of the Act.

Dated: September 17, 2012.
Paul Piquado,
Assistant Secretary for Import
Administration.

DEPARTMENT OF COMMERCE
International Trade Administration

Notice of Solicitation of Applications
for Allocation of Tariff Rate Quotas on
the Import of Certain Worsted Wool
Fabrics to Persons Who Cut and Sew
Men’s and Boys’ Worsted Wool Suits,
Suit-Type Jackets and Trousers in the
United States

AGENCY: Department of Commerce,
International Trade Administration.

ACTION: The Department of Commerce
(“Department”) is soliciting applications
for an allocation of the 2013 tariff rate quotas on certain
worsted wool fabric to persons who cut and
sew men’s and boys’ worsted wool
suits, suit-type jackets and trousers in
the United States.

SUMMARY: The Department hereby
solicits applications from persons
(including firms, corporations, or other
legal entities) who cut and sew men’s
and boys’ worsted wool suits, suit-type
jackets and trousers in the United States
for an allocation of the 2013 tariff rate
quotas on certain worsted wool fabric.
Interested persons must submit an
application on the form provided to the
address listed below by October 22, 2012.

The Department will cause to be
published in the Federal Register its
determination to allocate the 2013 tariff
rate quotas and will notify applicants of
their respective allocation as soon as
possible after that date. Promptly

1 See Notice of Antidumping Duty Order; Honey
From Argentina, 66 FR 63672 (December 10, 2001)
and Notice of Countervailing Duty Order; Honey
From Argentina, 66 FR 63673 (December 10, 2001).

2 See Continuation of Antidumping Duty Orders
on Honey from Argentina and the People’s Republic
of China, and Continuation of Countervailing Duty
Order on Honey from Argentina, 72 FR 42384 (August 2, 2007).

3 See Initiation of Five-Year (“Sunset”) Review, 77
FR 39217 (July 2, 2012) (Initiation Notice).

the Department has determined that
continuation of the orders was warranted.3

On July 2, 2012, the Department
initiated the current sunset reviews
pursuant to section 751(c) of the Tariff
Act of 1930, as amended (the Act), and
We received no response from the
domestic industry by the deadline date.
See 19 CFR 351.218(d)(1)(i). As a result,
the Department has determined that no
domestic interested party intends to
participate in the sunset reviews. See
19 CFR 351.218(d)(1)(iii)(A). On July 22,
2012, the Department notified the ITC in
writing that we intended to revoke the
antidumping duty and countervailing
duty orders on honey from Argentina.

Revocation

Pursuant to section 751(c)(3)(A) of
the Act and 19 CFR 351.218(d)(1)(iii)(B)(3),
if no domestic interested parties
respond to a notice of initiation, the
Department shall, within 90 days after
the initiation of the review, revoke the
order. Because no domestic interested
party filed a notice of intent to
participate in these sunset reviews, we
are revoking the antidumping duty and
countervailing duty orders on honey
from Argentina.

Effective Date of Revocation

Pursuant to sections 751(c)(3)(A) and
751(c)(6)(A)(iii) of the Act, and 19 CFR
351.222(i)(2)(i), the Department will
instruct U.S. Customs and Border
Protection to terminate the suspension
of liquidation of the merchandise

comb, or chunk form, and whether
packaged for retail or in bulk form.
The merchandise covered by the
orders is currently classifiable under
subheadings 0409.00.00, 1702.90.90,
and 2106.90.99 of the Harmonized Tariff
Schedule of the United States (HTSUS).
Although the HTSUS subheadings are
provided for convenience and customs
purposes, the Department’s written
description of the merchandise under
the orders is dispositive.

Background

The Department published
antidumping duty and countervailing
duty orders on honey from Argentina on
December 10, 2001.2 In the first sunset
reviews, the Department and the
International Trade Commission (ITC)
determined that continuation of the
orders was warranted.3

On July 2, 2012, the Department
initiated the current sunset reviews
pursuant to section 751(c) of the Tariff
Act of 1930, as amended (the Act), and
We received no response from the
domestic industry by the deadline date.
See 19 CFR 351.218(d)(1)(i). As a result,
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751(c)(6)(A)(iii) of the Act, and 19 CFR
351.222(i)(2)(i), the Department will
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Protection to terminate the suspension
of liquidation of the merchandise

3 See Initiation of Five-Year (“Sunset”) Review, 77
FR 39217 (July 2, 2012) [Initiation Notice].