

billion won for LCD research. Of these amounts, 19.2 billion won and 10 billion won, respectively, will be extended from the government budget. By 1997, a total of 195.4 billion won * * * are to be invested in {semiconductors}.” In a July 1997 interview, the Director General of the Electronics, Textile, and Chemical Industry Bureau of MOTIE stated, “{t}he government’s long-term strategy calls for {the ROK} becoming the world’s largest producer of semiconductor chips in the year 2010.”

Moreover, in *Structural Beams*, we found that the KDB provided a significant amount of the lending to “strategic” industries, such as steel, throughout the 1990s. Therefore, as in *Structural Beams*, in the instant investigation we reviewed a list of the largest recipients of KDB financing within the manufacturing sector in 1992 through 1997 as part of our specificity analysis. For this investigation, we requested similar information regarding the distribution of loans to industry sectors by specific institutions, including the KDB, and the Korean financial sector as a whole. The GOK provided information for 1997 and 1998 for broad industry sectors such as “Pulp, Paper, and Paper Products,” and “Radio, Television, and Communication Equipment,” which includes semiconductors. The GOK stated that it was unable to provide loan information on a more specific basis. Because this information does not cover the period we are examining in full, and because it is overly broad to use in our normal specificity analyses under 771(5A) of the Act, we intend to seek more detailed information during verification with respect to lending distribution in the ROK.

Notwithstanding the limited KDB lending data, we find that there is sufficient information on the record demonstrating the GOK’s designation of the semiconductor industry as a “strategic” industry. Specifically, the GOK’s national economic and development plans, as well as industry promotion plans, from the late 1970s through 1998, identified the semiconductor industry as a “strategic” industry.

Therefore, based on the above information, we preliminarily determine that the GOK directed credit specifically to the semiconductor industry through 1998 within the meaning of section 771(5A) of the Act.

The GOK’s Involvement in the ROK Lending Sector from 1999 Through June 30, 2002

The Department has also addressed GOK direction of credit in the years subsequent to 1998. In the *Final Results and Partial Rescission of Countervailing Duty Administrative Review: Stainless Steel Sheet and Strip in Coils From the Republic of Korea*, 67 FR 1964 (January 15, 2002) and *Cold-Rolled Steel*, we provided the respondents with an opportunity to present new factual information concerning the government’s credit policies in 1999 and 2000, respectively. No party provided any new information on the GOK lending policies for domestic banks in either case. Therefore, we determined in those cases that long-term lending from domestic commercial banks and from specialized banks, such as the KDB, was directed by the GOK in 1999 and 2000, respectively.

Additionally, with respect to direct foreign loans (*i.e.*, loans from offshore banks) and offshore foreign securities issued by ROK companies, we found that, subsequent to April 1999, companies no longer needed approval from the GOK to access direct foreign loans or to issue foreign securities. *See Cold-Rolled Steel*. Thus, we determined that these loans were not directed or controlled by the GOK, and could serve as benchmarks. No party has challenged this past finding.

In the instant investigation, the petitioner has alleged that the GOK continued to influence and direct the practices of lending institutions in the ROK through the POI, and that the semiconductor sector received a disproportionate share of the benefits provided pursuant to this direction, resulting in the conferral of countervailable benefits on the producers/exporters of the subject merchandise. The petitioner has also alleged that, if the Department does not find that the semiconductor industry received a disproportionate share of financing during this period, this directed credit was specific to Hynix. The petitioner asserts, therefore, that the Department should countervail all loans and benefits from GOK owned/controlled/directed institutions that were received by the producers/exporters of the subject merchandise, or all loans and benefits received specifically by Hynix, obtained during this period that were outstanding during the POI.

We provided the respondents in this proceeding an opportunity to present new factual information concerning the GOK’s credit practices from 1999

through June 30, 2002 which we would consider along with our findings in the above-noted prior investigations. Certain respondents challenged the Department’s prior direction of credit findings for 1999 and 2000. Parties in this investigation also presented information concerning the GOK’s role in the ROK financial lending sector from 2001 through June 30, 2002.

Because of the Department’s prior determinations that the GOK controlled and directed credit provided by most ROK banks through 2000, discussed above, the burden of demonstrating that the GOK has changed its practices is placed, in large part, upon the respondents. Moreover, with respect to 1999 and 2000, because the Department has previously found that the GOK directed credit provided by most ROK banks in those years, new information or evidence of changed circumstances must be presented before the Department will revise or change its previous findings.

In its response, the GOK argued that the post-1997 financial reforms instituted following the ROK financial crisis have led to the liberalization of the ROK financial sector, and that the GOK did not direct credit provided by domestic and government-owned banks from 1998 through the end of the POI. The GOK has also placed new information on the record to support its claim. As noted above, the Department has already addressed the impact of these reforms in 1998 in *CTL Plate* and *Structural Beams*. However, for the subsequent period, the GOK has submitted new information which we have analyzed to determine whether the GOK continued to direct credit from 1999 through June 30, 2002.

In our analysis, we have distinguished between banks that are themselves government authorities within the meaning of section 771(5)(B) of the Act and commercial banks that are not considered to be government authorities. In *CTL Plate* and *Structural Beams*, we found that, although changes had been made to the legislation regulating government-controlled specialized banks, such as the KDB, in the aftermath of the financial crisis, the respondents did not provide any evidence to demonstrate that the KDB has discontinued its practice of selectively making loans to specific firms or activities to support GOK policies.

Record evidence from the instant investigation indicates that the KDB and other specialized banks, such as the Industrial Bank of Korea (“IBK”), continue to be government authorities within the meaning of section 771(5)(B)