

Hynix participated in the program only until August 2001.

As discussed above, we have preliminarily determined that the GOK's direction of credit was specific to Hynix and other current or former Hyundai Group companies. Additionally, we preliminarily determine that the Fast Track program was *de facto* specific within the meaning of section 771(5A)(D)(iii)(I) of the Act because the participants in this program were limited in number. However, we preliminarily determine that the bonds that were placed in the CBO and CLO funds as part of this program did not provide a countervailable subsidy to Hynix because, according to record information, those programs were available to anyone with maturing bonds that wanted to participate and we have found no evidence of *de jure* or *de facto* specificity in the application of the program.

To determine the benefit received by Hynix as a result of the Fast Track program, we compared the interest rates on the directed bonds to the benchmark interest rates detailed in the "Subsidies Valuation Information" section, above. We calculated the benefit from these bonds using the Department's standard fixed-rate methodology described in 19 CFR 351.505(c)(2). We summed these benefits to determine the total benefit during the POI.

2. Other Loans Provided From 1999 Through the POI

With the exceptions noted below, for all other loans obtained by Hynix during this period that were outstanding during the POI, we calculated the benefit using the methodology described above for the Hynix restructuring loans.

Hynix stated in its questionnaire responses that it obtained Long-Term Usance loans, as well as loans under the Fund for Promotion of Informatization and the Fund for Promotion of Defense Industry, during this period that were outstanding during the POI. Hynix reported that these loans were for projects involving non-subject merchandise. Thus, for the purposes of this preliminary determination, we have not included these loans in our benefit calculations for Hynix. We note that Hynix' questionnaire responses on this matter will be subject to verification.

3. Loans Provided Prior to 1999

As explained above, the Department has preliminarily determined that the GOK directed credit to the semiconductor industry in the period through 1998. We further determine that these GOK-directed loans to Hynix and SEC are financial contributions as

described in section 771(5)(D)(i) of the Act.

The directed loans received by Hynix and SEC through 1998 that were outstanding during the POI were long-term fixed- and variable-rate foreign currency loans and long-term fixed- and variable-rate won-denominated loans. In order to determine whether a benefit was received by Hynix or SEC as a result of the long-term loans that were received through 1998 (with the exception of those noted below), we compared the interest rates on the directed loans to the benchmark interest rates detailed in the "Subsidies Valuation Information" section, above. For long-term variable-rate loans, the repayment schedules of these loans did not remain constant during the lives of the respective loans. Therefore, we have calculated the benefit from these loans using the Department's variable rate methodology as described in 19 CFR 351.505(a)(5) and 19 CFR 351.505(c)(4). For long-term fixed-rate loans, consistent with *Cold-Rolled Steel*, we calculated the benefit using the methodology specified in 19 CFR 351.505(c)(2). We summed the benefit amounts during the POI to determine the total benefit for each company.

Hynix reported that it did not directly receive loans under the Energy Savings Fund ("ESF") (loans made from this fund are discussed in *Plate in Coils*, 64 FR 15533, and *Structural Beams*, 65 FR 41051 and accompanying July 3, 2000 Decision Memorandum at page 12, Section I.A.2). The GOK, on the other hand, reports that Hynix did in fact maintain an outstanding ESF loan balance during the POI. The basis for Hynix' claim that it did not participate in the ESF program is that funding for Hynix projects was disbursed to third-party energy savings companies ("ESCOs"), which completed the Hynix ESF projects under contract.

The record indicates that Hynix and the ESCOs submitted applications jointly to the Korea Energy Management Corporation in order to obtain ESF funding. Information concerning these transactions is not on the record, and, accordingly, we are not making a determination concerning Hynix ESF loans at this time. Instead, we will request further information on this matter during the course of this proceeding and will make a finding on this matter in the final determination.

SEC reported that certain loans received under the Science and Technology Promotion Fund prior to 1999 were tied to non-subject merchandise (loans made from this fund are discussed in *Structural Beams*, 65 FR 41051 and accompanying July 3,

2000 Decision Memorandum at page 13). Furthermore, both Hynix and SEC stated in their questionnaire responses that their loans from the Fund for Promotion of Informatization and the Fund for Industrial Technology Development that were obtained during this time period were for projects involving non-subject merchandise. Thus, for the purposes of this preliminary determination, we have not included these loans in our benefit calculations. We note that Hynix' and SEC's questionnaire responses on this matter will be subject to verification.

Countervailable Subsidy Rates for Hynix and SEC

We used the above mentioned methodologies to calculate the benefit from all of the financial contributions discussed above, and summed the benefit amounts from all financial contributions. We then divided the total benefit by each respective company's total sales values during the POI. On this basis, we determine the net countervailable subsidy to be 57.23 percent *ad valorem* for Hynix and 0.01 percent *ad valorem* for SEC.

B. Tax Programs Under the Tax Reduction and Exemption Control Act ("TERCL") and/or the Restriction of Special Taxation Act ("RSTA")

Under ROK tax laws, ROK companies are allowed to claim tax credits for various kinds of investments. If the investment tax credits cannot be used entirely during the year they are claimed, then the company may carry them forward for use in subsequent years. Until December 28, 1998, these investment tax credits were provided under the TERCL. On that date, the TERCL was replaced by the RSTA. Pursuant to this change in the law, tax credits based on eligible investments made after December 28, 1998 were provided under the authority of RSTA.

In past proceedings, the Department found that companies that invested in domestically-produced facilities (*i.e.*, facilities produced in the ROK) received higher tax credits than companies that invested in foreign-produced facilities under these programs. See *CTL Plate*, 64 FR 73182. Under section 771(5A)(C) of the Act, subsidies that are contingent upon the use of domestic goods over imported goods are specific. Accordingly, the Department determined that the higher tax credits for investments made in domestically-produced facilities constituted import substitution subsidies under section 771(5A)(C) of the Act. In addition, because the GOK had foregone the collection of tax revenue otherwise due