

another even when that one corporation does not hold majority voting ownership. See *Countervailing Duties; Final Rule*, 63 FR 65348, 65401 (November 25, 1998), preamble to CVD Regulations. The percentage of shares, therefore, is not a dispositive indicator of cross-ownership between companies. Accordingly, it is also possible, under certain extraordinary circumstances, that a corporation holding majority ownership in another corporation may not be in a position to exercise control over that corporation's assets. From March 19, 1997 until March 23, 2001, Sammi was under court receivership. Thus, Sammi was in receivership throughout the entire POR under examination in the previous administrative review. In the previous review, we therefore examined the circumstances surrounding Sammi's court receivership to determine whether Incheon could use or direct Sammi's assets as its own.

Under Korea's Company Reorganization Act, the authority for management control (e.g., the right to operate the company's business, management, and disposition of the company's property) rests exclusively with the court or with the receiver appointed by the court. The information on the record of the previous review demonstrated that the control of Sammi and the ability to use and direct the company's assets were held by the court and the court-appointed receiver throughout the previous POR. Therefore, we found that while Incheon held 68 percent of Sammi's shares, it was not in the position to control Sammi's assets during the POR and into 2001. See *2000 Sheet and Strip Decision Memo* at Comment 3. In this review, we examined the relative positions of Sammi and Incheon and found that, after the end of Sammi's court receivership, Incheon was in a position to control Sammi's assets as its own. Therefore, we find preliminarily that cross ownership, as defined under section 351.525(b)(6)(vi) of the CVD Regulations, did exist between INI and Sammi during the instant POR. Consequently, for the purpose of these preliminary results, the Department will calculate one rate for INI/BNG, in accordance with section 351.525(b)(6)(ii).

Subsidies Valuation Information

Benchmarks for Long-term Loans: During the POR, INI and Sammi had both won-denominated and foreign currency-denominated long-term loans outstanding which they received from government-owned banks, Korean

commercial banks, overseas banks, and foreign banks with branches in Korea.

With respect to foreign sources of credit, in *Final Negative Countervailing Duty Determination: Stainless Steel Plate in Coils from the Republic of Korea*, 64 FR at 15533 (March 31, 1999) (*Plate in Coils*), and *Final Affirmative Countervailing Duty Determination: Stainless Steel Sheet and Strip in Coils from the Republic of Korea*, 64 FR at 30642 (June 8, 1999) (*Sheet and Strip*), we determined that access to foreign currency loans from Korean branches of foreign banks (e.g., branches of U.S.-owned banks operating in Korea) did not confer countervailable subsidies to the recipient as defined by section 771(5) of Tariff Act of 1930, as amended by the Uruguay Round Agreements Act (URAA) effective January 1, 1995 (the Act), and, as such, credit received by respondents from these sources was found not to be countervailable. We based this decision upon the fact that credit from Korean branches of foreign banks was not subject to the government's control and direction. Thus, in *Plate in Coils* and *Sheet and Strip*, we determined that respondents' loans from these banks could serve as an appropriate benchmark to establish whether access to regulated sources of foreign-denominated credit conferred a benefit on respondents. As such, we preliminarily determine that lending from Korean branches of foreign banks continues to be not countervailable. Consequently, where available, loans from Korean branches of foreign banks continue to serve as an appropriate benchmark to establish whether access to regulated foreign currency loans from domestic banks confers a benefit upon respondents.

Based on our findings on this issue in prior investigations, we are using the following benchmarks to calculate the subsidies attributable to respondent's long-term loans obtained in the years 1991 through 2001:

(1) For countervailable, foreign-currency denominated loans, we used, where available, the company-specific weighted-average U.S. dollar-denominated interest rates on the company's loans from foreign bank branches in Korea.

(2) For countervailable won-denominated long-term loans, where available, we used the company-specific corporate bond rate on the company's public and private bonds. We note that this benchmark is based on the decision in *Plate in Coils*, 64 FR at 15531, in which we determined that the GOK did not control the Korean domestic bond market after 1991, and that domestic bonds may serve as an appropriate

benchmark interest rate. Where unavailable, we used a company-specific corporate bond rate from the national average of the yields on three-year corporate bonds, as reported by the Bank of Korea (BOK). We note that the use of the three-year corporate bond rate from the BOK follows the approach taken in *Plate in Coils*, in which we determined that, absent company-specific interest rate information, the corporate bond rate is the best indicator of a market rate for won-denominated long-term loans in Korea. *Id.*

Benchmarks for Short-Term Financing: For those programs that require the application of a short-term won-denominated interest rate benchmark, we used as our benchmark a company-specific weighted-average interest rate for commercial won-denominated loans outstanding during the POR.

Treatment of Subsidies Received by Trading Companies: We required responses from trading companies because the subject merchandise may benefit from subsidies provided to both the producer and the exporter of the subject merchandise. Subsidies conferred on the production and exportation of subject merchandise benefit the subject merchandise even if the merchandise is exported to the United States by a trading company rather than by the producer itself. Therefore, the Department calculates countervailable subsidy rates on the subject merchandise by cumulating subsidies provided to the producer with those provided to the exporter. During the POR, INI exported subject merchandise to the United States through a trading company, Hyosung Corporation (Hyosung). We required the trading company to provide a response to the Department with respect to the export subsidies under review.

Under section 351.107(b)(1) of the Department's regulations, when the subject merchandise is exported to the United States by a company that is not the producer of the merchandise, the Department may establish a "combination" rate for each combination of an exporter and supplying producer. However, as noted in the Preamble to the regulations, there may be situations in which it is not appropriate or practicable to establish combination rates when the subject merchandise is exported by a trading company. See *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27303 (May 19, 1997). In such situations, the Department will make exceptions to its combination rate approach on a case-by-case basis. *Id.*