

We preliminarily determine that it is not appropriate to establish combination rates, with respect to this review. This determination is based on two main facts: first, the majority of the subsidies conferred upon the subject merchandise were received by the producer; second, the level of subsidies conferred upon the individual trading company with regard to the subject merchandise is insignificant.

Instead, we have continued to calculate a rate for the producers of subject merchandise that includes the subsidies received by the trading company. To reflect those subsidies that are received by the exporter of the subject merchandise in the calculated *ad valorem* subsidy rate, we first calculated the benefit attributable to the subject merchandise from subsidies received by the trading company. Next, we factored that amount into the calculated subsidy rate for the relevant producer. We then added these calculated *ad valorem* subsidies to the subsidies calculated for INI/BNG. Thus, for each of the programs below, the listed *ad valorem* subsidy rate includes countervailable subsidies received by both the producer and the trading company.

#### *I. Programs Conferring Subsidies*

##### 1. The GOK's Direction of Credit

The Department previously determined in the *Final Affirmative Countervailing Duty Determination: Structural Steel Beams from the Republic of Korea*, 65 FR 41051 (July 3, 2000) (*H-beams*), and accompanying Issues and Decision Memorandum (*H-Beams Decision Memo*) at section "The GOK's Credit Policies through 1991," that the provision of long-term loans via the GOK's direction of credit policies was specific to the Korean steel industry through 1991 within the meaning of section 771(5A)(D)(iii) of the Act. Also in *H-Beams*, we determined that the provision of these long-term loans through 1991 provided a financial contribution that resulted in the conferral of a benefit, within the meaning of sections 771(5)(D)(i) and 771(5)(E)(ii) of the Act, respectively. *Id.*

In *Plate in Coils*, 64 FR at 15332, and in *Sheet and Strip*, 64 FR at 30641, the Department examined the GOK's direction of credit policies for the period 1992 through 1997. Based on new information gathered in the course of those investigations, the Department determined that the GOK controlled directly or indirectly the lending practices of most sources of credit in Korea between 1992 and 1997.

In *H-beams*, the Department also determined that the GOK continued to control directly and indirectly the lending practices of most sources of credit in Korea through 1998, and that the GOK's regulated credit from domestic commercial banks and government-controlled banks such as the Korea Development Bank (KDB) was specific to the steel industry. Furthermore, the Department determined in *H-Beams* that these regulated loans conferred a benefit on the producer of the subject merchandise to the extent that the interest rates on these loans were lower than the interest rates on comparable commercial loans, within the meaning of section 771(5)(E)(ii) of the Act. In the *Final Affirmative Countervailing Duty Determination: Certain Cut-to-Length Carbon-Quality Steel Plate From the Republic of Korea*, 64 FR 73176 at 73180, (December 29, 1999) (*CTL Plate*) the Department determined that the GOK continued to control, directly and indirectly, the lending practices of sources of credit in Korea in 1998, and the Department made a similar finding for 1999. *See also 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) (*1999 Sheet and Strip*) and accompanying Issues and Decision Memorandum (*1999 Sheet and Strip Decision Memo*) at "the GOK's Direction of Credit" section.

In the *1999 Sheet and Strip Decision Memo* at "The GOK's Direction of Credit" section, we found that the GOK had control over the lending institutions during 1999. In the *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*), and accompanying Issues and Decision Memorandum (*Cold-Rolled Decision Memo*) at "The GOK Directed Credit" section, the Department found that the GOK continued to exert control over the lending institutions during 2000.

In the instant proceeding we asked the GOK for information pertaining to the GOK's direction of credit policies for 2001. The GOK did not provide any additional information stating that, "the legal costs to further contest this issue in this review overshadow any possible benefit." *See* the GOK's February 4, 2003, questionnaire response. As such, because the necessary information to determine whether the GOK has continued its direction of credit policies from 2000 through 2001 is not available on the record, the Department must base

its determination on facts otherwise available. *See* section 776(a) of the Act. Moreover the GOK's willful refusal to supply this information, which involves the GOK's own policies, demonstrates its failure to cooperate to the best of its ability. *See* section 77b(b) of the Act. Accordingly, the statute authorizes the Department to employ an adverse inference in selecting among facts otherwise available. *See id.* Drawing from our determination on this issue in the previous administrative review, we preliminarily find that the GOK's direction of credit policies continued from 2000 through 2001, the POR. In addition, absent information indicating otherwise, we preliminarily find that lending from domestic banks and from government-owned banks, such as the KDB, continues to be countervailable through 2001.

INI and Sammi received long-term fixed and variable rate loans from GOK owned/controlled institutions that were outstanding during the POR. In order to determine whether these GOK directed loans conferred a benefit, we compared the interest rates on the directed loans to the benchmark interest rates detailed in the "Subsidies Valuation Information" section of this notice.

*Won-Denominated Loans:* Regarding the calculation of the benefit on countervailable, long-term fixed-rate loans, in past cases the Department has employed the "grant equivalent" methodology, as described in section 351.505(c)(3) of the CVD Regulations, when the government-provided loan and the comparison loan have dissimilar grace periods or maturities, or where the repayment schedules are different (e.g., declining balance versus annuity style).

In *2000 Sheet and Strip Decision Memo*, the Department revised its application of the grant equivalent methodology discussed in 351.505(c)(3) of the CVD Regulations. We note that section 351.505(c)(2) of the CVD Regulations states that the Department "will normally calculate the subsidy amount to be assigned to a particular year by calculating the difference in interest payments for that year (*i.e.*, the difference between the interest paid by the firm in that year on the government-provided loan and the interest the firm would have paid on the comparison loan)." We also note that, in reference to paragraph (c)(2), the Preamble of the Department's CVD Regulations states that in situations where the benefit from a long-term, fixed-rate loan stems solely from a concessionary interest rate, it is not necessary to engage in the grant equivalent methodology. *See* 63 FR at 65369. Thus, the CVD Regulations and