

the meaning of section 771(5)(D)(i) of the Act in the form of a loan. The benefit provided by this program is the tax savings enjoyed by the companies. Respondents have not provided any new information to warrant reconsideration of this determination. Therefore, we continue to find this program countervailable.

To determine the benefit conferred by this program, we calculated the tax savings by multiplying the balance amount of the reserve as of December 31, 2000, by the corporate tax rate for 2000. We treated the tax savings on these funds as a short-term interest-free loan. Accordingly, to determine the benefit, we multiplied the amount of tax savings by Hyosung's weighted-average interest rate for short-term won-denominated commercial loans for the POR. Using the methodology for calculating subsidies received by trading companies, which also is detailed in the "Subsidies Valuation Information" section of this notice, we calculate a countervailable subsidy of less than 0.005 percent *ad valorem* for INI/BNG.

4. Technical Development Fund (RSTA Article 9, Formerly TERCL Article 8)

On December 28, 1998, the TERCL was replaced by the Tax Reduction and Exemption Control Act (RSTA). Pursuant to this change in law, TERCL Article 8 is now identified as RSTA Article 9. Apart from the name change, the operation of RSTA Article 9 is the same as the previous TERCL Article 8 and its Enforcement Decree.

This program allows a company operating in manufacturing or mining, or in a business prescribed by the Presidential Decree, to appropriate reserve funds to cover expenses related to the development or innovation of technology. These reserve funds are included in the company's losses and reduce the amount of taxes paid by the company. Under this program, capital goods and capital intensive companies can establish a reserve of five percent of total revenue, while companies in all other industries are only allowed to establish a three percent reserve.

In *CTL Plate*, 64 FR at 73181, we determined that this program is specific because the capital goods industry is allowed to claim a larger tax reserve under this program than all other manufacturers. We also determined that this program provides a financial contribution within the meaning of section 771(5)(D)(i) of the Act in the form of a loan. The benefit provided by this program is the differential tax savings enjoyed by the companies in the capital goods industry, which includes

steel manufacturers. *Id.* No new information, or evidence of changed circumstances, were presented in this review to warrant reconsideration of the countervailability of this program. Therefore, we continue to find this program to be countervailable. Sammi did not use this program. Record evidence indicates that INI did not contribute funds to this reserve during the POR, but it did carry a balance. Thus, to calculate the benefit on the balance, we compared the amount of taxes that it would have paid if it had only claimed the three percent tax reserve with the amount of taxes actually paid on tax reserve amount as claimed under the five percent reserve limit. Next, we calculated the amount of the tax savings earned through the use of this tax reserve during the POR and divided that amount by INI/BNG's total f.o.b. sales during the POR. On this basis, we preliminarily determine a net countervailable subsidy of less than 0.005 percent *ad valorem* for INI/BNG.

5. Asset Revaluation: TERCL Article 56(2)

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. In *CTL Plate*, we found this program countervailable due to the fact that it is specific and provides a financial contribution by allowing companies to reduce their income tax liability. See 64 FR at 73183. No new information, or evidence of changed circumstances, were presented in this review to warrant reconsideration of the countervailability of this program.

To calculate the benefit from the program we reviewed the effect that the difference in the revaluation of depreciable assets had on INI's tax liability each year. Sammi did not use this program. We multiplied the additional depreciation in the tax return filed during the POR, which resulted from the company's asset revaluation, by the tax rate applicable to that tax return. We then divided the benefit by INI/BNG's total f.o.b. sales. Accordingly, we preliminarily determine that the net countervailable subsidy for this program is less than 0.005 percent *ad valorem* for INI/BNG.

6. Investment Tax Credits

Under Korean tax laws, companies are allowed to claim investment tax credits for various kinds of investments. If the investment tax credits cannot all be used at the time they are claimed, then

the company is authorized to 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 Restriction of Special Taxation Act (RSTA). Pursuant to this change in the law, investment tax credits received after December 28, 1998, were provided under the authority of RSTA.

During the POR, INI earned or used tax credits for investments in productivity increasing "facilities" (RSTA Article 24, previously TERCL Article 25) and investments in specific "facilities" (RSTA Article 25, previously TERCL Article 26). Sammi did not use either program. Under these programs, if a company invested in foreign-produced "facilities," the company received a tax credit equal to either three or five percent of its investment. However, if a company invested in domestically-produced "facilities," it received a ten percent tax credit. Under section 771(5A)(C) of the Act, a program that is contingent upon the use of domestic goods over imported goods is specific, within the meaning of the Act. Because Korean companies received a higher tax credit for investments made in domestically-produced "facilities," in *CTL Plate*, 63 FR at 73182, we determined that these investment tax credits constituted import substitution subsidies under section 771(5A)(C) of the Act. In addition, because, under this program, the GOK forewent the collection of tax revenue otherwise due, we determined that a financial contribution is provided under section 771(5)(D)(ii) of the Act. The benefit provided by this program was a reduction in taxes payable. Therefore, we determined that this program was countervailable.

In *Cold-Rolled*, we found that RSTA Article 24 (previously TERCL Article 25) was altered on April 10, 1998, eliminating the distinction between domestic and imported goods; therefore, any credits received after that date were not countervailable. However, we continue to find the use of investment tax credits earned on domestic investments made before April 10, 1998, to be countervailable.

INI claimed tax credits under RSTA Article 24 and RSTA Article 25 for investments that originated when there was a distinction between purchasing domestic "facilities" and imported "facilities." To calculate the benefit from these investment tax credits, we examined the amount of tax credits INI deducted from its taxes payable for the 2000 fiscal year income tax return, which was filed during the POR. We