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DEPARTMENT OF COMMERCE
International Trade Administration
[C-580-869]

Large Residential Washers from the Republic of Korea: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Determination

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to producers and exporters of large residential washers (washing machines) from the Republic of Korea (Korea). For information on the subsidy rates, see the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: [Insert date of publication in the Federal Register.]

FOR FURTHER INFORMATION CONTACT: Justin M. Neuman or Milton Koch, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0486 and (202) 482-2584, respectively.

SUPPLEMENTARY INFORMATION:

Case History

On January 19, 2012, the Department initiated a countervailing duty (CVD) investigation of washing machines from Korea.[1] In the Initiation Notice, the Department selected Samsung Electronics Co., Ltd. (Samsung), LG Electronics, Inc. (LG), and Daewoo Electronics Corporation (Daewoo) as the company respondents in this investigation because the petition identified them as the producers in Korea that exported washing machines to the United States,

[1] See Large Residential Washers From the Republic of Korea: Initiation of Countervailing Duty Investigation, 77 FR 4279 (January 27, 2012) (Initiation Notice). The petitioner in this investigation is Whirlpool Corporation.

and because there was no information indicating that there are other Korean producers/exporters. We invited interested parties to comment on our respondent selection within five days of the publication of the initiation notice (i.e., by February 1, 2012). We received none.

On February 15, 2012, the Department issued the CVD questionnaire (including government and company sections) to the Government of Korea (GOK). On March 28, 2012, Daewoo submitted a letter to the Department stating that it would not participate in this investigation. On April 9, 2012, the GOK, Samsung, and LG submitted their questionnaire responses. On April 13, 2012, Samsung submitted corrections to some tax-related information and translation errors submitted as part of its response to the initial questionnaire. On April 23, 2012, the Department received comments from the petitioner regarding these questionnaire responses, and on April 26, 2012, the petitioner filed comments regarding the letter submitted by Daewoo. On April 25, 2012, the Department issued supplemental questionnaires to Samsung and LG, followed by a supplemental questionnaire issued to the GOK on April 26, 2012. Samsung and LG submitted responses to their supplemental questionnaires on May 10, 2012. The GOK submitted its response on May 7, 2012. The petitioner submitted comments regarding the GOK's questionnaire response on May 14, 2012, and also submitted comments regarding the responses of Samsung and LG on May 21, 2012.

On March 1, 2012, at the request of the petitioner,[2] the Department postponed the preliminary determination until May 28, 2012.[3] On May 18, 2012, the Department issued a letter to the GOK, Samsung, and LG requesting that they place the verification reports and the Final

[2] See Letter from Whirlpool Corporation, "Postponement of Preliminary Determination," dated February 28, 2012.
[3] See Large Residential Washers From the Republic of Korea: Postponement of Preliminary Determination in the Countervailing Duty Investigation, 77 FR 13559 (March 7, 2012) (because May 28 falls on a federal holiday, the determination is being issued on the next business day, May 29, 2012).

Calculation Memoranda from Bottom Mount Refrigerators on the record of this investigation.[4] On May 22, 2012, Samsung and LG submitted the requested documents. The GOK provided the requested documents on May 24, 2012.

Alignment of Final CVD Determination with Final AD Determination

On the same day the Department initiated this CVD investigation, the Department also initiated AD investigations of washing machines from Korea and Mexico.[5] The CVD investigation and the AD investigations cover the same merchandise. On May 10, 2012, in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (Act), the petitioner requested alignment of the final CVD determination with the final AD determination of washing machines from Korea. Therefore, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), we are aligning the final CVD determination with the final AD determination. Consequently, the final CVD determination will be issued on the same date as the final AD determination, which is currently scheduled to be issued no later than October 10, 2012, unless postponed.

Injury Test

Because Korea is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Act, the International Trade Commission (ITC) is required to determine whether imports of the subject merchandise from Korea materially injure, or threaten material injury to, a U.S. industry. On February 10, 2012, the ITC published its affirmative preliminary determination that

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[4] See Bottom Mount Combination Refrigerator-Freezers From the Republic of Korea: Final Affirmative Countervailing Duty Determination, 77 FR 17410 (March 26, 2012) and accompanying Issues and Decision Memorandum (Bottom Mount Refrigerators).

[5] See Large Residential Washers From the Republic of Korea and Mexico: Initiation of Antidumping Duty Investigations, 77 FR 4007 (January 26, 2012).

there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Korea of subject merchandise.[6]

Scope of the Investigation

The products covered by this investigation are all large residential washers and certain subassemblies thereof from Korea.

For purposes of this investigation, the term "large residential washers" denotes all automatic clothes washing machines, regardless of the orientation of the rotational axis, with a cabinet width (measured from its widest point) of at least 24.5 inches (62.23 cm) and no more than 32.0 inches (81.28 cm).

Also covered are certain subassemblies used in large residential washers, namely: (1) all assembled cabinets designed for use in large residential washers which incorporate, at a minimum: (a) at least three of the six cabinet surfaces; and (b) a bracket; (2) all assembled tubs[7] designed for use in large residential washers which incorporate, at a minimum: (a) a tub; and (b) a seal; (3) all assembled baskets[8] designed for use in large residential washers which incorporate, at a minimum: (a) a side wrapper;[9] (b) a base; and (c) a drive hub;[10] and (4) any combination of the foregoing subassemblies.

Excluded from the scope are stacked washer-dryers and commercial washers. The term "stacked washer-dryers" denotes distinct washing and drying machines that are built on a unitary frame and share a common console that controls both the washer and the dryer. The term

[6] See Large Residential Washers From Korea and Mexico, 77 FR 9700 (February 17, 2012); and USITC Publication 4306, Large Residential Washers from Korea and Mexico: Investigation Nos. 701-TA-488 and 731-TA-1199-1200 (Preliminary) (February 2012).
[7] A "tub" is the part of the washer designed to hold water.
[8] A "basket" (sometimes referred to as a "drum") is the part of the washer designed to hold clothing or other fabrics.
[9] A "side wrapper" is the cylindrical part of the basket that actually holds the clothing or other fabrics.
[10] A "drive hub" is the hub at the center of the base that bears the load from the motor.

"commercial washer" denotes an automatic clothes washing machine designed for the "pay per use" market meeting either of the following two definitions:

(1) (a) it contains payment system electronics;[11] (b) it is configured with an externally mounted steel frame at least six inches high that is designed to house a coin/token operated payment system (whether or not the actual coin/token operated payment system is installed at the time of importation); (c) it contains a push button user interface with a maximum of six manually selectable wash cycle settings, with no ability of the end user to otherwise modify water temperature, water level, or spin speed for a selected wash cycle setting; and (d) the console containing the user interface is made of steel and is assembled with security fasteners;[12] or

(2) (a) it contains payment system electronics; (b) the payment system electronics are enabled (whether or not the payment acceptance device has been installed at the time of importation) such that, in normal operation,[13] the unit cannot begin a wash cycle without first receiving a signal from a bona fide payment acceptance device such as an electronic credit card reader; (c) it contains a push button user interface with a maximum of six manually selectable wash cycle settings, with no ability of the end user to otherwise modify water temperature, water level, or spin speed for a selected wash cycle setting; and (d) the console containing the user interface is made of steel and is assembled with security fasteners.

The products subject to this investigation are currently classifiable under subheading 8450.20.0090 of the Harmonized Tariff System of the United States (HTSUS). Products subject

[11] "Payment system electronics" denotes a circuit board designed to receive signals from a payment acceptance device and to display payment amount, selected settings, and cycle status. Such electronics also capture cycles and payment history and provide for transmission to a reader.

[12] A "security fastener" is a screw with a non-standard head that requires a non-standard driver. Examples include those with a pin in the center of the head as a "center pin reject" feature to prevent standard Allen wrenches or Torx drivers from working.

[13] "Normal operation" refers to the operating mode(s) available to end users (i.e., not a mode designed for testing or repair by a technician).

to this investigation may also enter under HTSUS subheadings 8450.11.0040, 8450.11.0080, 8450.90.2000, and 8450.90.6000. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise subject to this scope is dispositive.

Scope Comments

In accordance with the preamble to the Department's regulations, in our Initiation Notice, we set aside a period of time for parties to raise issues regarding product coverage, and encouraged all parties to submit comments within 20 calendar days of publication of that notice.[14] On May 17, 2012, the petitioner filed a request to exclude from the scope of the investigations top-load washing machines with a rated capacity less than 3.7 cubic feet. Although the petitioner's scope request fell outside of our prescribed window for the submission of scope comments, it is the Department's practice to consider such requests made by the petitioner when there appears to be no impediment to enforceability by U.S. Customs and Border Protection (CBP).[15] Samsung and LG filed letters opposing the petitioner's position on the scope issue on May 23, 2012, and May 24, 2012, respectively.

The Department is currently evaluating the petitioner's scope request, as well as the comments of Samsung and LG, and will issue its decision regarding the scope of the investigations no later than the date of the preliminary determination in the companion AD investigation. That decision will be placed on the record of this CVD investigation, and all parties will have the opportunity to comment.

[14] See Antidumping Duties; Countervailing Duties; Final Rule, 62 FR 27296, 27323 (May 19, 1997), and Initiation Notice, 77 FR at 4279.
[15] See, e.g., Certain Steel Nails from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances, 73 FR 33977, 33979 (June 16, 2008). See also Notice of Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Affirmative Preliminary Determination of Critical Circumstances in Part: Prestressed Concrete Steel Wire Strand from Mexico, 68 FR 42378, 42379-80 (July 17, 2003).

Period of Investigation

The period for which we are measuring subsidies, i.e., the period of investigation (POI), is January 1, 2011, through December 31, 2011.

Use of Facts Otherwise Available and Adverse Inferences

Sections 776(a)(1) and (2) of the Act provide that the Department shall apply "facts otherwise available" if, inter alia, necessary information is not on the record or an interested party or any other person: (A) withholds information that has been requested; (B) fails to provide information within the deadlines established, or in the form and manner requested by the Department, subject to subsections (c)(1) and (e) of section 782 of the Act; (C) significantly impedes a proceeding; or (D) provides information that cannot be verified as provided by section 782(i) of the Act.

Section 776(b) of the Act further provides that the Department may use an adverse inference in applying the facts otherwise available when a party has failed to cooperate by not acting to the best of its ability to comply with a request for information. For purposes of this preliminary determination, we find it necessary to apply facts available, with an adverse inference to Daewoo.

As explained above in the "Case History" section, the Department selected Daewoo as a mandatory company respondent. As a result of Daewoo's declared intention not to participate in this investigation and its decision not to respond to the initial questionnaire, we find that Daewoo has withheld information that has been requested and has failed to provide information within the deadlines established. Further, by not responding to the questionnaire, Daewoo significantly impeded this proceeding. Thus, in reaching our preliminary determination, pursuant to sections

776(a)(1), (2)(A), (B) and (C) of the Act, we are basing the CVD rate for Daewoo on facts otherwise available.

We further preliminarily determine that an adverse inference is warranted, pursuant to section 776(b) of the Act because by deciding not to respond to the initial questionnaire, Daewoo did not cooperate to the best of its ability in this investigation. Accordingly, we preliminarily find that adverse facts available (AFA) is warranted to ensure that Daewoo does not obtain a more favorable result than had it fully complied with our request for information.

In deciding which facts to use as AFA, section 776(b) of the Act and 19 CFR 351.308(c)(1) and (2) authorize the Department to rely on information derived from: (1) the petition; (2) a final determination in the investigation; (3) any previous review or determination; or (4) any other information placed on the record. The Department's practice when selecting an adverse rate from among the possible sources of information is to ensure that the rate is sufficiently adverse "as to effectuate the statutory purposes of the adverse facts available rule to induce respondents to provide the Department with complete and accurate information in a timely manner."[16] The Department's practice also ensures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."[17]

It is the Department's practice in CVD proceedings to compute a total AFA rate for the non-cooperating company using the highest calculated program-specific rates determined for the cooperating respondents in the instant investigation, or, if not available, rates calculated in prior

[16] See, e.g., Drill Pipe From the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination, 76 FR 1971 (Jan. 11, 2011); see also Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors From Taiwan, 63 FR 8909, 8932 (February 23, 1998).
[17] See Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Rep. No. 103-316, Vol. I, at 870 (1994), reprinted at 1994 U.S.C.C.A.N. 4040, 4199.

CVD cases involving the same country.[18] Specifically, the Department applies the highest calculated rate for the identical program in the investigation if a responding company used the identical program, and the rate is not zero.[19] If there is no identical program match within the investigation, or if the rate is zero, the Department uses the highest non-de minimis rate calculated for the same or for a similar program (based on treatment of the benefit) in another CVD proceeding involving the same country. Absent an above-de minimis subsidy rate calculated for the same or for a similar program, the Department applies the highest calculated subsidy rate for any program otherwise identified in a CVD case involving the same country that could conceivably be used by the non-cooperating companies.[20]

On this basis, we preliminarily determine the AFA subsidy rate for Daewoo to be 70.58 percent ad valorem. This rate does not include a rate for either the "Korea Trade Insurance Corporation (K-SURE) – Short-Term Export Credit Insurance" or "GOK Supplier Support Fund Tax Deduction" programs because we have preliminarily determined that the K-SURE program is not countervailable during the POI, and that the "GOK Supplier Support Fund Tax Deduction" program cannot be used until 2012, after the POI. For a detailed discussion of the AFA rates selected for each program under investigation, see "Memorandum to the File from Milton Koch,

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[18] See, e.g., Certain Tow-Behind Lawn Groomers and Certain Parts Thereof from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination, 73 FR 70971, 70975 (November 24, 2008) (unchanged in Certain Tow-Behind Lawn Groomers and Certain Parts Thereof From the People's Republic of China: Final Affirmative Countervailing Duty Determination, 74 FR 29180 (June 19, 2009), and accompanying Issues and Decision Memorandum at "Application of Facts Available, Including the Application of Adverse Inferences"). See also Aluminum Extrusions From the People's Republic of China: Final Affirmative Countervailing Duty Determination, 76 FR 18521 (April 4, 2011), and accompanying Issues and Decision Memorandum (Aluminum Extrusions from the PRC Decision Memorandum) at "Application of Adverse Inferences: Non-Cooperative Companies."

[19] There is an exception to this approach for income tax exemption and reduction programs; because there are no such programs in this investigation, the exception is not applicable here.

[20] See Aluminum Extrusions from the PRC Decision Memorandum at "Application of Adverse Inferences: Non-Cooperative Companies"; see also, e.g., Lightweight Thermal Paper From the People's Republic of China: Final Affirmative Countervailing Duty Determination, 73 FR 57323 (October 2, 2008), and accompanying Issues and Decision Memorandum at "Selection of the Adverse Facts Available Rate."

Re: Application of Adverse Facts Available to Daewoo Electronics Corporation," dated May 29, 2012.

Subsidies Valuation Information

A. Cross-Ownership and Attribution of Subsidies

The Department's regulations state that cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of other corporation(s) in essentially the same ways it can use its own assets.[21] This section of the Department's regulations states that this standard will normally be met where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations.

The preamble to the Department's regulations further clarifies the Department's cross-ownership standard.[22] According to the CVD Preamble, relationships captured by the cross-ownership definition include those where the interests of two corporations have merged to such a degree that one corporation can use or direct the individual assets (including subsidy benefits) of the other corporation in essentially the same way it can use its own assets (including subsidy benefits). The cross-ownership standard does not require one corporation to own 100 percent of the other corporation. Normally, cross-ownership will exist where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. In certain circumstances, a large minority voting interest (for example, 40 percent) or a "golden share" may also result in cross-ownership.[23]

[21] See 19 CFR 351.525(b)(6)(vi).
[22] See Countervailing Duties; Final Rule, 63 FR 65348, 65401 (November 25, 1998) (CVD Preamble).
[23] See id.

As such, the Department's regulations make it clear that we must examine the facts presented in each case in order to determine whether cross-ownership exists. In accordance with 19 CFR 351.525(b)(6)(iv), if the Department determines that the suppliers of inputs primarily dedicated to the production of the downstream product are cross-owned with the producers/exporters under investigation, the Department will attribute the subsidies received by the input producer to the combined sales of the input and downstream products produced by both corporations (excluding the sales between the two corporations).

Samsung has reported that, prior to the POI, the production of washing machines was performed by its cross-owned subsidiary, Samsung Gwangju Electronics Co., Ltd. (SGEC), in which Samsung held a 94.25 percent ownership interest.[24] Effective January 1, 2011, SGEC was merged into Samsung and all washing machines are now produced directly within Samsung. When SGEC was merged into Samsung, Samsung assumed all of the assets and liabilities of SGEC, including SGEC's tax liability for the 2010 tax year that was identified in the tax return filed in 2011. Samsung explained that, although the SGEC tax return filed in 2011 was prepared and filed under the name of SGEC, the tax liability was borne by Samsung. As well, we must determine whether any non-recurring benefits that SGEC received over the average useful life (AUL) period are attributable to Samsung. We have previously examined the relationship between Samsung and SGEC to determine whether it meets the definition of cross-ownership such that we will identify, measure, and attribute subsidies granted to the cross-owned companies to the entity exporting subject merchandise, and concluded that Samsung and SGEC are cross-owned within the definition provided in 19 CFR 351.525(b)(6)(vi).[25] In that investigation, we found that SGEC was virtually wholly-owned by Samsung during 2010, and

[24] See Samsung's April 9, 2012 response at footnote 6.
[25] See Bottom Mount Refrigerators and accompanying Issues and Decision Memorandum at 3.

therefore Samsung was able to “use and direct the individual assets of” SGEC in “essentially the same ways it can use its own assets.”[26] Furthermore, Samsung was intrinsically involved with the production, sales, and marketing of the subject merchandise. As such, we find that over the AUL period preceding the POI, Samsung and SGEC were cross-owned, and all non-recurring subsidies to SGEC are properly attributable to Samsung pursuant to 19 CFR 351.525(b)(6)(i). As such, for purposes of this preliminary determination, we are examining subsidies received by SGEC over the AUL and attributing any benefits allocated to the POI to the total sales of Samsung.

In addition, Samsung has also identified two domestic cross-owned companies that provide it with services related to the production of subject merchandise. Samsung Electronics Logitech (SEL) is a wholly-owned non-producing subsidiary of Samsung that provides logistics management and transportation services for Samsung’s merchandise, including washing machines. Samsung Electronics Service (SES) is a non-producing subsidiary of Samsung which provides after-sale warranty services in Korea. Based on the information provided by Samsung, we preliminarily determine that SEL and SES are cross-owned with Samsung in accordance with 19 CFR 351.525(b)(6)(vi). These companies were wholly- or virtually wholly-owned by Samsung during the POI, and therefore Samsung was able to “use and direct the individual assets of” these companies in “essentially the same ways it can use its own assets.”[27] As such, any countervailable subsidies that we identify and measure as conferred on SEL or SES are being treated as a subsidy to Samsung. This approach is consistent with the analysis contemplated by the CVD Preamble:

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[26] See 19 CFR 351.525(b)(6)(vi).
[27] See id.

> Analogous to the situation of a holding or parent company is the situation where a government provides a subsidy to a non-producing subsidiary (e.g., a financial subsidiary) and there are no conditions on how the money is to be used. Consistent with our treatment of subsidies to holding companies, we would attribute a subsidy to a non-producing subsidiary to the consolidated sales of the corporate group that includes the non-producing subsidiary. See, e.g., Certain Steel Products from Belgium, 58 FR 37273, 37282 (July 9, 1993).[28]

With regard to holding companies, the regulations permit the attribution of subsidies conferred on a holding company to the consolidated sales of the holding company (that includes the respondent producer).[29] Similarly, the regulations permit the attribution of subsidies to cross-owned, non-producing subsidiaries like SEL or SES. Accordingly, the subsidies received by these companies have been appropriately attributed to Samsung.

LG has reported that two of its input producers, LG Chemical and Kum Ah Steel, are cross-owned via their shared membership in the LG Group. The LG Group, in turn, is headed by a holding company, LG Corporation, which owns 33.2 percent of LG. According to LG, LG Chemical is an input producer and a member of the LG Group as a subsidiary of LG Corporation, its largest shareholder, which holds 33.53 percent of the company's outstanding shares. LG identified Kum Ah Steel as a producer and seller of steel products. Kum Ah Steel is 51 percent owned by LG International (LGI), of which LG Corporation owns 27.6 percent.

LG has acknowledged that LG, LG Chemical, and Kum Ah Steel share common ownership through LG Corporation, the holding company of the LG Group, and information on the record substantiates this claim. Furthermore, LG has reported that LGI is Kum Ah Steel's majority shareholder. Based on this information, we preliminarily determine that LG Chemical and Kum Ah Steel are cross-owned with LG, through LG Corporation, in accordance with

[28] See CVD Preamble, 63 FR at 65402.
[29] See 19 CFR 351.525(b)(6)(iii).

19 CFR 351.525(b)(6)(vi). According to LG, LG Corporation is only a holding company with no sales of its own, and it received no assistance from the programs under investigation.[30]

In response to our initial questionnaire, LG reported that "(n)o company with which LGE shares cross-ownership supplied LGE with any input that is primarily dedicated to the production of the downstream product, i.e., large residential washers."[31] In its initial questionnaire response, LG reported that LG Chemical's and Kum Ah Steel's sales of inputs to LG, as a proportion of their total sales, are not large and the majority of LG Chemical's and Kum Ah Steel's products are sold to companies other than LG.[32] Moreover, information on the record does not indicate that the input products provided by LG Chemical and Kum Ah Steel are primarily dedicated to the production of the downstream product. On this basis, we preliminarily determine that the inputs produced by LG Chemical and Kum Ah Steel are not primarily dedicated to the production of the downstream product within the meaning of 19 CFR 351.525(b)(6)(iv). In the CVD Preamble, the Department indicates that "it would not be appropriate to attribute subsidies to a plastics company to the production of cross-owned corporations producing appliances and automobiles."[33] Analogous to this example from the CVD Preamble, we find it would not be appropriate to attribute subsidies provided to LG Chemical and Kum Ah Steel to LG because the materials they produce are used in the production of many different products in different industries, and because LG is not their primary or sole customer.

In addition, LG has identified two cross-owned services providers: ServeOne Inc. (ServeOne), a cross-owned company that purchases goods from input producers and resells them to LG for use in the production of subject merchandise; and Hi Business Logistics Co., Ltd.

[30] See LG's April 9, 2012 response at 12.
[31] See LG's April 9, 2012 response at 16.
[32] See LG's April 9, 2012 response at Exhibit 24.
[33] See CVD Preamble, 63 FR at 65401.

(HBL), which is responsible for arranging and coordinating the transportation of subject merchandise destined for export. According to information provided by LG, ServeOne is a wholly-owned non-producing subsidiary of LG Corporation. ServeOne's Maintenance, Repair, Operation business unit is the division of ServeOne responsible for selling inputs to LG. ServeOne does not produce these inputs, instead purchasing them from other suppliers/producers and then reselling them to LG. HBL is a wholly-owned subsidiary of LG.

LG has acknowledged that LG and ServeOne share common ownership through their parent company LG Corporation, and information on the record substantiates this claim.[34] In addition, LG identified HBL as its wholly-owned non-producing subsidiary. Based on this information, we preliminarily determine that ServeOne and HBL are cross-owned with LG in accordance with 19 CFR 351.525(b)(6)(vi). As such, any countervailable subsidies that we identify and measure as conferred on ServeOne or HBL will be treated as a subsidy to LG. This approach is consistent with the analysis contemplated by the CVD Preamble, as discussed above.

LG has reported that ServeOne used some of the programs under investigation, but that HBL did not receive subsidies under any of the programs under investigation during the POI or AUL. Accordingly, we have attributed to LG the subsidies received by its non-producing subsidiary, ServeOne.

B. Cross-Ownership with Input Suppliers

As we did in Bottom Mount Refrigerators, we have examined, based on information on the record, whether Samsung and LG are in a position to exercise effective control over their input suppliers such that cross-ownership arises within the meaning of

[34] LG has reported that "all companies in the LG Group are ultimately controlled by LG Corporation or its majority shareholders, and all companies in the LG Group are affiliated and cross-owned." See LG's April 9, 2012 response at 15.

19 CFR 351.525(b)(6)(vi), and whether subsidies received by those input suppliers are attributable to the respondents.[35]

We are examining whether the respondent companies are cross-owned with their input suppliers, and whether the inputs supplied are primarily dedicated to the production of the downstream product. In our questionnaires, we requested that the respondents identify all of their input suppliers, any suppliers that are affiliated in accordance with section 771(33) of the Act, and any suppliers that are cross-owned in accordance with 19 CFR 351.525(b)(6)(vi). Further, we asked them to describe in detail the nature of the relationships with their suppliers, including whether they are sole suppliers, whether there is a supply or purchase agreement, and whether there are financial relationships beyond the purchase or sale of goods. Our questionnaires also asked about the companies' relationships with their suppliers, their supply agreements, and whether the inputs supplied account for a majority of the suppliers' business. We also requested detailed information regarding family relationships, and common board members and managers between the respondents and their suppliers.

Samsung reported that it was not cross-owned with any of its domestic input suppliers in accordance with 19 CFR 351.525(b)(6)(vi). In its initial questionnaire response Samsung provided a copy of the standard supply agreement that it uses with its suppliers. We have reviewed this standard supply agreement and find that the language in the clauses therein provides no clear indication of the type of control by Samsung over its input suppliers that would rise to the level of cross-ownership. The definition of control in the regulations provides a high standard of control, akin to the control normally vested when there is majority voting ownership

[35] See Bottom Mount Refrigerators and accompanying Issues and Decision Memorandum at "Cross-Ownership and Attribution of Subsidies." See also the Initiation Checklist.

interest between two corporations.[36] The CVD Preamble recognizes that this type of control can also be vested in entities that hold a large minority voting interest or "golden share."[37] Thus, while we recognize that control as defined by our regulations can be exercised by means other than ownership, the definition of what constitutes control does not change regardless of how that control is exercised. Cross-ownership exists where one corporation has the ability to use or direct the individual assets of the other corporation in essentially the same ways it can use its own assets. Our review of the language in the agreement between Samsung and its suppliers does not indicate that Samsung has this level of control over its suppliers' assets.

In its initial questionnaire response, Samsung also provided extensive information about its input suppliers' sales to Samsung. In a few instances, Samsung's purchases accounted for a significant majority of a particular supplier's sales. In addition, in some cases, Samsung has provided technical assistance to its suppliers. As well, some Samsung suppliers have also received loans from a joint fund between the Industrial Bank of Korea (IBK) and Samsung worth Korean won one trillion. Samsung has also identified the members of its board of directors and stated that "no member of the Samsung founding family and no director, executive or senior manager of a Samsung Group company holds a director, executive or senior manager position or an ownership stake in a supplier company that is not a cross-owned company."[38] While there appear to be close supplier relationships between Samsung and some of its suppliers, as evidenced by the provision of technical assistance and of loans in conjunction with its purchases, and, in a few circumstances, purchases of a significant majority of the suppliers' production, we find that these factors do not give rise to the type or level of control required by

[36] See 19 CFR 351.525(b)(6)(vi).
[37] See CVD Preamble, 63 FR at 65401.
[38] See Samsung's April 9, 2012 response at 16-17.

our regulations to find cross-ownership because they do not demonstrate that Samsung can use or direct the assets of these suppliers as if they were Samsung's own assets. Thus, we preliminarily determine that Samsung is not cross-owned with any of its non-Samsung Group input suppliers within the meaning of 19 CFR 351.525(b)(6)(vi).

As discussed above, LG identified two input suppliers, LG Chemical and Kum Ah Steel, as being cross-owned, but stated that the inputs provided by these suppliers are not primarily dedicated to the production of washing machines. Our findings with respect to these two cross-owned input suppliers are discussed above. In addition, LG identified its unaffiliated input suppliers and provided a copy of the standard supply agreement that governs its relationships with its suppliers. We have reviewed this standard supply agreement and find that the language in the clauses therein provides no clear indication of the type of control by LG over its input suppliers that would rise to the level of cross-ownership. There is no language in the agreement between LG and its suppliers that supports a conclusion LG has met the high threshold for control over its suppliers' assets that is required by our regulations for the agreement to demonstrate cross-ownership.

LG also provided information showing the portion of each of the supplier's sales that is made to LG (LG researched the total sales of its suppliers using public information to comply with our request for this information).[39] In a few instances, LG's purchases accounted for a significant majority of a particular supplier's sales. In addition, in some cases, LG has provided direct financial support to its suppliers, in the form of loans for production facility improvements.[40] Certain record information indicates that close supplier relationships may exist between LG and some of its suppliers, such as the provision of loans in conjunction with LG's

[39] See LG's May 10, 2012 response at Exhibit 43.
[40] See LG's May 10, 2012 response at 12.

purchases, which, in a few circumstances, constitute a significant majority of the suppliers' production. However these factors do not give rise to control as required by our regulations because there is no evidence that these factors allow LG to use or direct the assets of these suppliers as if they were LG's own assets.

Finally, we are not finding cross-ownership to exist between LG and its unaffiliated input suppliers based on any common ownership, management or family ties. LG stated in reference to its unaffiliated input suppliers accounting for 80 percent of its input purchases by value that no directors, officers or executives from any LG Group company serve as directors, officers or executives on any of these unaffiliated companies. LG provided information on the family ties between LG and these companies indicating that distant relations of the LG Group's founding Koo family held executive positions in these companies.[41] However, we find that these family relationships are too attenuated from the current ownership of the LG Group to find that they are indicative of cross-ownership between LG and these input suppliers. Thus, we preliminarily determine that LG is not cross-owned with any of its non-LG Group input suppliers within the meaning of 19 CFR 351.525(b)(6)(vi).

C. Benchmark Interest Rate for Short-Term Loans

Section 771(5)(E)(ii) of the Act states that the benefit for loans is the "difference between the amount the recipient of the loan pays on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market," indicating that a benchmark must be a market-based rate. In addition, 19 CFR 351.505(a)(3)(i) stipulates that when selecting a comparable commercial loan that the recipient "could actually obtain on the market" the Department will normally rely on actual loans obtained by the firm. However,

[41] See LG's April 9, 2012 response at Exhibit 26.

when there are no comparable commercial loans, the Department "may use a national average interest rate for comparable commercial loans," pursuant to 19 CFR 351.505(a)(3)(ii). For the "Korea Development Bank (KDB)/IBK Short-Term Discounted Loans for Export Receivables" program, an analysis of any benefit conferred by loans from KDB or IBK to the respondents requires a comparison of interest actually paid to interest that would have been paid using a benchmark interest rate.[42]

Pursuant to 19 CFR 351.505(a)(2)(iv), if a program under review is a government-provided short-term loan program, the preference would be to use a company-specific annual average of interest rates of comparable commercial loans during the year in which the government-provided loan was taken out, weighted by the principal amount of each loan. LG has reported receiving KDB and IBK short-term loans. LG also reported receiving loans from commercial banks that are comparable commercial loans within the meaning of 19 CFR 351.505(a)(2)(i). We preliminarily determine that the information provided by LG about its commercial loans satisfies the preference expressed in 19 CFR 351.505(a)(2)(iv). As such, we have used LG's commercial loans to calculate a benchmark interest rate that represents a company-specific annual average interest rate.[43]

Samsung also received loans under the KDB and IBK short-term loan program. We requested that Samsung provide us with information on its short-term loans that are comparable to the government program loans. Samsung provided information about commercial loans from only one bank. Based on the information in its financial statement, the company apparently received comparable loans from more than one commercial bank. Because information on the

[42] See 19 CFR 351.505(a)(1).
[43] See "Memorandum to the File from Justin M. Neuman, Re: Calculations for LG Electronics, Inc. for the Preliminary Determination," dated May 29, 2012 (LG Preliminary Calculation Memorandum).

record indicates that Samsung had other comparable short-term loans during the POI, Samsung has not provided all of the information about comparable commercial loans that would provide an appropriate basis for an interest rate benchmark as provided in 19 CFR 351.505(a)(2). Therefore, for purposes of this preliminary determination, we have selected a national average interest rate as a benchmark for Samsung using appropriate public sources pursuant to 19 CFR 351.505(a)(3)(ii).[44] We intend to gather additional information on all of Samsung's comparable short-term commercial loans and will reconsider the benchmark issue in our final determination.

Allocation Period

Under 19 CFR 351.524(d)(2)(i), we presume the allocation period for non-recurring subsidies to be the AUL prescribed by the Internal Revenue Service (IRS) for renewable physical assets of the industry under consideration (as listed in the IRS's 1977 Class Life Asset Depreciation Range System, and as updated by the Department of the Treasury). This presumption will apply unless a party claims and establishes that these tables do not reasonably reflect the AUL of the renewable physical assets of the company or industry under investigation. Specifically, the party must establish that the difference between the AUL shown in the tables and the company-specific AUL, or the country-wide AUL for the industry under investigation, is significant, pursuant to 19 CFR 351.524(d)(2)(i) and (ii). For assets used to manufacture washing machines, the IRS tables prescribe an AUL of 10 years. Because neither the respondent companies nor the GOK has disputed the AUL of 10 years, the Department is using an AUL of 10 years in this investigation.

[44] See "Memorandum to the File from Justin M. Neuman, Re: Calculations for Samsung Electronics Co., Ltd. for the Preliminary Determination" dated May 29, 2012 (Samsung Preliminary Calculation Memorandum).

Analysis of Programs

I. Programs Preliminarily Determined To Be Countervailable

A. Income Tax Programs under the Restriction of Special Taxation Act (RSTA) Article 10

1. Research, Supply, or Workforce Development Investment Tax Deductions for "New Growth Engines" under RSTA Article 10(1)(1)

The GOK provided information showing that this program was first introduced in 2010, through the amendment of the RSTA, for the purpose of facilitating Korean corporations' investments in their respective research and development (R&D) activities relating to the New Growth Engine program. The statutory basis for this program is Article 10(1)(1) of the RSTA. Paragraph 1 of Article 9 of the Enforcement Decree is the implementing provision of Article 10(1)(1) of the RSTA and Appendix 7 of the Enforcement Decree sets forth a list of eligible technologies that are covered by the New Growth Engine program. According to the GOK, the goal of the New Growth Engine program is to boost general national economic activities. RSTA Article 10(1)(1) offers a credit towards taxes payable by a corporation with respect to the costs of researchers and administrative personnel engaged in R&D activities related to eligible technologies listed in Appendix 7 of the Enforcement Decree and for samples, parts, and raw materials used in the course of such R&D activities.

Only Samsung reported receiving a tax credit under Article 10(1)(1) of the RSTA during the POI. The language of the implementing provisions and the related appendices for this tax program limits eligibility for the use of this program to a limited list of "new growth engines." Therefore, we preliminarily determine that the provision of this tax benefit is de jure specific pursuant to section 771(5A)(D)(i) of the Act to companies investing in "new growth engines" technology.

The tax credits are financial contributions in the form of revenue foregone by the government under section 771(5)(D)(ii) of the Act, and provide a benefit to the recipient in the amount of the difference between the taxes it paid and the amount of taxes that it would have paid in the absence of this program, effectively, the amount of the tax credit claimed on the tax return filed during the POI, pursuant to 19 CFR 351.509(a)(1).

The tax credit provided under this program is a recurring benefit, because income taxes are due annually. Thus, the benefit is allocated to the year in which it is received.[45] To calculate the benefit to Samsung from the tax credit under this program, we divided the tax credit claimed under this program on the tax return filed during the POI by the company's total sales during the POI. However, the calculation of the subsidy from this tax credit results in a rate that is less than 0.005 percent and, as such, this rate does not have an impact on Samsung's overall subsidy rate. Consistent with our past practice, we therefore have not included this program in our net subsidy rate calculations for Samsung.[46]

2. Research, Supply, or Workforce Development Expense Tax Deductions for "Core Technologies" under RSTA Article 10(1)(2)

The GOK has provided information showing that this program was first introduced in 2010, through the amendment of the RSTA, for the purpose of facilitating Korean corporations' investments in their respective R&D activities relating to core technologies covered by the New Growth Engine program. The statutory basis for this program is Article 10(1)(2) of the RSTA. Paragraph 2 of Article 9 of the Enforcement Decree is the implementing provision of Article 10(1)(2) of the RSTA and Appendix 8 of the Enforcement Decree sets forth a list of "core

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[45] See 19 CFR 351.524(a).

[46] See, e.g., Certain Hot-Rolled Carbon Steel Flat Products from India: Final Results and Partial Rescission of Countervailing Duty Administrative Review, 74 FR 20923 (May 6, 2009) (HRS from India), and accompanying Issues and Decision Memorandum at "Exemption from the CST."

technologies" that are covered by the New Growth Engine program. The program is designed to facilitate the R&D activities within the context of the New Growth Engine program. According to the GOK, the goal of the New Growth Engine program is to boost general national economic activities. RSTA Article 10(1)(2) offers a credit towards taxes payable by a corporation with respect to the costs of researchers and administrative personnel engaged in R&D activities related to "core technologies" listed in Appendix 8 of the Enforcement Decree and for samples, parts, and raw materials used in the course of such R&D activities.

Only Samsung reported receiving a tax credit under Article 10(1)(2) of the RSTA on the tax return filed during the POI. The language of the implementing provisions and the related appendices for this tax program limits eligibility for the use of this program to a limited list of "core technologies." Therefore, we preliminarily determine that the provision of this tax benefit is de jure specific pursuant to section 771(5A)(D)(i) of the Act to companies investing in "core technologies."

The tax credits are financial contributions in the form of revenue foregone by the government under section 771(5)(D)(ii) of the Act, and provide a benefit to the recipient in the amount of the difference between the taxes it paid and the amount of taxes that it would have paid in the absence of this program, effectively, the amount of the tax credit claimed on the tax return filed during the POI, pursuant to 19 CFR 351.509(a)(1).

The tax credit provided under this program is a recurring benefit, because income taxes are due annually. Thus, the benefit is allocated to the year in which it is received.[47] To calculate the benefit to Samsung from the tax credit used, we divided the tax credit claimed under this program during the POI by the company's total sales during the POI. However, the calculation

[47] See 19 CFR 351.524(a).

of the subsidy from this tax credit results in a rate that is less than 0.005 percent and, as such, this rate does not have an impact on Samsung's overall subsidy rate. Consistent with our past practice, we therefore have not included this program in our net subsidy rate calculations for Samsung.[48]

3. Tax Reduction for Research and Manpower Development: RSTA 10(1)(3)

The GOK reported that this income tax reduction program aims to facilitate Korean corporations' investments in their respective R&D activities, and thus boost general national economic activities in all sectors. According to the GOK, this tax reduction provision was first introduced in 1982 under the Tax Exemption and Reduction Control Law. The GOK reported that all Korean corporations, both large companies and small and medium enterprises (SMEs), are eligible to use this program as long as they satisfy the requirements set forth in the statute. According to the GOK, an applicant corporation can take a credit toward corporate tax with respect to its investment for the purpose of general research and manpower development.

Under this program, companies can claim a credit toward taxes payable for eligible expenditures on research and human resources development. Companies can calculate their tax credit as either 40 percent of the difference between the eligible expenditures in the tax year and the average of the prior four years, or a maximum of six percent of the eligible expenditures in the current tax year. The GOK provided the relevant law authorizing the credit: a copy of Article 10(1)(3) of the RSTA that was in effect during the 2010 tax year, as well as the implementing law, paragraphs 3, 4, 5 and 6 of Article 9 of the Enforcement Decree of the RSTA. The GOK stated that the selection of a recipient and provision of support under Article 10(1)(3) are not contingent upon export performance.

[48] See, e.g., HRS from India, and accompanying Issues and Decision Memorandum at "Exemption from the CST."

Samsung reported that it, as well as SGEC, SES, and SEL received tax credits under Article 10(1)(3) of the RSTA on the tax returns filed during the POI. LG did not claim this tax credit on the tax return it filed during the POI, but reported that ServeOne claimed the credit on the tax return it filed during the POI.

The GOK explained that the information we requested in order to analyze de facto specificity was not available for the POI. We therefore analyzed information from the prior year to evaluate de facto specificity and we preliminarily determine that the tax credits under this program were provided disproportionately to Samsung and LG pursuant to section 771(5A)(D)(iii)(III) of the Act.[49] This is consistent with our finding in Bottom Mount Refrigerators.

The tax credits are financial contributions in the form of revenue foregone by the government under section 771(5)(D)(ii) of the Act, and provide a benefit to the recipient in the amount of the difference between the taxes it paid and the amount of taxes that it would have paid in the absence of this program, effectively, the amount of the tax credit claimed on the tax return filed during the POI, pursuant to 19 CFR 351.509(a)(1).

The tax credits provided under this program are recurring benefits, because income taxes are due annually. Thus, the benefit is allocated to the year in which it is received.[50] Consistent with 19 CFR 351.525(b)(6)(i), to calculate the countervailable subsidy from the tax credits received by Samsung and SGEC, the tax credits for each corporate entity were summed and divided by Samsung's total sales during the POI. In calculating the rate for Samsung, we included the benefits to SES and SEL, consistent with the CVD Preamble.[51] We therefore

[49] See the Samsung and LG Preliminary Calculation Memoranda at Attachments 7 and 5, respectively.
[50] See 19 CFR 351.524(a).
[51] See CVD Preamble, 63 FR at 65402.

preliminarily determine a countervailable subsidy of 0.49 percent ad valorem for Samsung. To calculate the benefit to LG, we divided ServeOne's tax credits by the sum of ServeOne's sales of products during the POI and LG's total FOB sales net of intercompany sales during the POI. However, the calculation of the subsidy from this tax credit results in a rate that is less than 0.005 percent and, as such, this rate does not have an impact on LG's overall subsidy rate. Consistent with our past practice, we therefore have not included this program in our net subsidy rate calculations for LG.[52]

B. RSTA Article 25(2) Tax Deductions for Investments in Energy Economizing Facilities

According to the GOK, this program was introduced in the Korean tax code in the predecessor of the RSTA to facilitate Korean corporations' investments in energy utilization facilities.[53] The underlying rationale for the introduction and maintenance of the program is that the enhancement of energy efficiency in the business sectors may help enhance the efficiency in the general national economy. The eligible types of facilities are identified in Article 22(2) of the RSTA. The statutory basis for this program is Article 25(2) of the RSTA, Article 22(2) of the Enforcement Decree of the RSTA, and Article 13(2) of the Enforcement Regulation of RSTA.

Under the program, the GOK explained that corporations that have made investments in facilities to enhance energy utilization efficiency or produce renewable energy resources, in accordance with the RSTA decree and regulation, are entitled to a credit toward taxes payable in the amount of 10 percent of the eligible investment. Once it is established that the requirements under the laws and regulations are satisfied, the provision of support under this program is automatic. If a company is in a tax loss situation in a particular tax year, the company is

[52] See, e.g., HRS from India and accompanying Issues and Decision Memorandum at "Exemption from the CST."
[53] See the GOK's April 9, 2012 questionnaire response at 121 of the Appendices Volume.

permitted to carry forward the applicable credit under this program for five years. The relevant tax law pertaining to loss carry-forward is Article 144(1) of the RSTA. The GOK agency that administers this program is the Ministry of Strategy and Finance. Samsung claimed a tax credit under this program on its tax returns filed during the POI. LG reported that it did not use this program on the tax return filed during the POI.

In Bottom Mount Refrigerators, we found this program de facto specific because information provided by the GOK indicated that the actual recipients that claimed tax credits under RSTA Article 25(2) were limited in number, pursuant to section 771(5A)(D)(iii)(I) of the Act.[54] Similarly, the information provided by the GOK on this record shows that only a limited number of companies claimed this tax credit in 2010, for the 2009 tax year, the most recent year for which the GOK was able to provide information.[55] Therefore, we find this program to be de facto specific within the meaning of section 771(5A)(D)(iii)(I) of the Act.

This program results in a financial contribution from the GOK to recipients in the form of revenue foregone, as described in section 771(5)(D)(ii) of the Act. The benefit conferred on the recipient is the difference between the amount of taxes it paid and the amount of taxes that it would have paid in the absence of this program, as described in 19 CFR 351.509(a), effectively, the amount of the tax credit claimed. To calculate the benefit to Samsung from the tax credit used, we divided the tax credit claimed under this program during the POI by the company's total sales during the POI. However, the calculation of the subsidy from this tax credit results in a rate that is less than 0.005 percent and, as such, this rate does not have an impact on Samsung's

[54] See Bottom Mount Refrigerators, and accompanying Issues and Decision Memorandum, at "RSTA Article 25(2) Tax Deductions for Investments in Energy Economizing Facilities."
[55] See Samsung Preliminary Calculation Memorandum.

overall subsidy rate. Consistent with our past practice, we therefore have not included this program in our net subsidy rate calculations for Samsung.[56]

C. GOK Facilities Investment Support: Article 26 of the RSTA

The GOK reported that the program provides a credit towards taxes payable in the amount of seven percent of eligible investments in facilities. The GOK provided the relevant law authorizing the credit that was in effect during the 2010 tax year, Article 26 of the RSTA, as well as the implementing law, Article 23 of the Enforcement Decree of the RSTA. Article 23(1) of the Enforcement Decree limits eligibility for the program to "business assets out of overcrowding control region of the Seoul Metropolitan Area" (sic).

Because information provided by the GOK indicates that the tax credits under this program are limited by law to enterprises or industries within a designated geographical region within the jurisdiction of the authority providing the subsidy, we preliminarily find that this program is regionally specific in accordance with section 771(5A)(D)(iv) of the Act.[57] The tax credits are financial contributions in the form of revenue foregone by the government under section 771(5)(D)(ii) of the Act, and provide a benefit to the recipient in the amount of the difference between the taxes it paid and the amount of taxes that it would have paid in the absence of this program, pursuant to 19 CFR 351.509(a)(1).

Samsung reported that it, SGEC, and SEL received tax credits under Article 26 of the RSTA on the tax returns filed during the POI. In addition, LG reported that ServeOne received a tax credit under this program on the tax return filed during the POI. Consistent with

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[56] See, e.g., HRS from India, and accompanying Issues and Decision Memorandum at "Exemption from the CST."
[57] See, e.g., Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From Thailand, 66 FR 50410 (October 3, 2001) and accompanying Issues and Decision Memorandum at the "Provision of Electricity for Less than Adequate Remuneration" section (where eligibility for a program was limited to users outside the Bangkok metropolitan area, we found the subsidy to be regionally specific under section 771(5A)(D)(iv) of the Act).

19 CFR 351.525(b)(6)(i), to calculate the countervailable subsidy from the tax credits received by Samsung and SGEC, the tax credits for each corporate entity were summed and divided by Samsung's total sales during the POI. In calculating the rate for Samsung, we included the benefit to SEL, consistent with the CVD Preamble.[58] We preliminarily determine a countervailable subsidy of 0.71 percent ad valorem for Samsung. To calculate the benefit to LG from the tax credit received by ServeOne, we divided ServeOne's tax credits by the sum of ServeOne's sales of products during the POI and LG's total FOB sales net of intercompany sales during the POI. However, the calculation of the subsidy from this tax credit results in a rate that is less than 0.005 percent and, as such, this rate does not have an impact on LG's overall subsidy rate. Consistent with our past practice, we therefore have not included this program in our net subsidy rate calculations for LG.[59]

D. Gwangju Metropolitan City Production Facilities Subsidies: Tax Reductions/Exemptions under Article 276 of the Local Tax Act

According to the GOK, this tax program was introduced for the purpose of supporting the establishment of production facilities by corporations within the Gwangju City area so as to boost general economic activities in the region and to diversify the structure of the local economy by offering tax reductions and exemptions for certain companies located within designated industrial complexes. The current statutory basis for this program is Article 78 of the Special Local Tax Treatment Control Act, although it was previously administered under Article 276 of the Local Tax Act. Companies that newly establish or expand facilities within an industrial complex are exempt from property, education, acquisition, and registration taxes. Further, capital gains on the land and buildings of such companies are exempt from property

[58] See CVD Preamble, 63 FR at 65402.
[59] See, e.g., HRS from India, and accompanying Issues and Decision Memorandum at "Exemption from the CST."

taxes for five years from the establishment or expansion of the facilities. According to the GOK, liability for the education tax arises when the property tax is imposed and paid, and is set at 20 percent of the property tax. Although this is a program authorized by national law, it is administered at the local level by the Gwangju City government. The GOK provided the relevant sections of the City Tax Exemption and Reduction Ordinance of Gwangju City which shows Article 78 is administered by the Gwangju City government.

The Department has previously determined that the tax exemptions under Article 276 of the Local Tax Act are specific in accordance with section 771(5A)(D)(iv) of the Act because this program limits these tax exemptions to enterprises located in specific regions; provides a financial contribution in the form of revenue foregone in accordance with section 771(5)(D)(ii) of the Act; and provides a benefit in the amount of the tax exemptions in accordance with 19 CFR 351.509(a)(1).[60] There is no new information or evidence of changed circumstances that warrants the reconsideration of that determination. Only Samsung reported receiving these exemptions.

Because certain of these exemptions are triggered by a single event, the purchase of property, we consider the exemptions from acquisition and registration taxes to provide non-recurring benefits, in accordance with 19 CFR 351.524(b). For each year over the 10-year AUL period (the POI, i.e., 2011, and the prior nine years), in which Samsung or SGEC claimed exemptions from acquisition and registration taxes, we examined the exemptions claimed to determine whether they exceeded 0.5 percent of the company's sales in that year to determine whether the benefits should be allocated over time or to the year of receipt. None of the

[60] See Coated Free Sheet Paper from the Republic of Korea: Notice of Final Affirmative Countervailing Duty Determination, 72 FR 60639 (October 25, 2007) and accompanying Issues and Decision Memorandum at 12. See also Bottom Mount Refrigerators and accompanying Issues and Decision Memorandum at 22.

exemptions claimed by Samsung or SGEC over the AUL period met the prerequisite for allocation over time; as such, the only attributable benefits are those benefits received by Samsung during the POI.

The exemptions from real property tax provided under this program are recurring benefits, because the property taxes are otherwise due to be paid on an annual basis, and the exemption is granted for a five-year period. Thus, the benefit is allocated to the year in which it is received.[61] The benefit to Samsung during the POI from the property tax exemption is the value of the real property tax that would have been due, as well as the related education tax, exempted during the POI.

Samsung also reported that, as a result of the exemption from acquisition and registration taxes, they are subject to an additional tax under the Act on Special Rural Development. This tax is assessed at 10 percent of the exempted acquisition tax amount and 20 percent of the exempted registration tax amount. We have examined the assessment of the Special Rural Development Tax in light of the provisions of section 771(6) of the Act, which provides that the Department may subtract an amount from the countervailable subsidy amounts related to application fees, the loss of value of the subsidy resulting from a deferral required by the government, and any export taxes imposed by the government specifically to offset countervailing duties imposed by the United States. Because the statute explicitly limits recognizable offsets to those three items, we find that the Special Rural Development Tax does not meet the statutory requirement to be recognized by the Department as an offset to the countervailable exemption of acquisition and registration taxes. Furthermore as provided in

[61] See 19 CRF 351.524(a).

19 CFR 351.503(e), when calculating the amount of the benefit, the Department does not consider the tax consequences of the benefit.[62]

To calculate the countervailable subsidy from the four tax exemptions provided under this program to Samsung, we added the value of exemptions of acquisition and registration tax received during the POI to the value of exemptions of real property tax and education tax received during the POI. We divided the resulting benefit by Samsung's total sales during the POI. However, the calculation of the subsidy from these exemptions results in a rate that is less than 0.005 percent and, as such, this rate does not have an impact on Samsung's overall subsidy rate. Consistent with our past practice, we therefore have not included this program in our net subsidy rate calculations for Samsung.[63]

E. GOK Subsidies for "Green Technology R&D" and its Commercialization

According to the GOK, technology is a crucial factor in promoting and achieving green growth in all economic sectors and, thus, the development of relevant green technology has been regarded as the main pillar of the country's Green Growth policy. The technology development component is one of the important factors of the government's five-year Green Growth Plan, which was adopted by the GOK in January 2009. Under the plan, the GOK has selected 27 core technologies for support. The Ministry of Knowledge Economy (MKE) is involved in this program and provides support to Green Technology R&D. This program provides for the establishment and enforcement of measures to facilitate research, development and commercialization of green technology, including financial support for these activities. Support is provided to approved applicants in the form of grants. The MKE determines the eligibility of the applicants for support under this program, consulting with affiliated research institutions

[62] See Bottom Mount Refrigerators and accompanying Issues and Decision Memorandum at 24.
[63] See, e.g., HRS from India, and accompanying Issues and Decision Memorandum at "Exemption from the CST."

when technological evaluation and confirmation are necessary. The GOK reported that the approval of the applicants is based on the merits of each application, which must be in accordance with the requirements set by the law and MKE's internal guidelines. According to the GOK, the provision of support under the program is automatic as long as the budgets earmarked for this program are available.

Both Samsung and LG reported receiving grants under this program. Samsung reported receiving assistance for 10 R&D projects under this program, but stated that "none of the projects involve subject merchandise directly or involves technologies related to subject merchandise or its production."[64] Samsung has also provided the application and approval documents related to the projects for which it received assistance from 2009 through 2011.[65] In Bottom Mount Refrigerators, we found that all but one project was tied to non-subject merchandise. Based on the Samsung verification report that was submitted on the record of this investigation,[66] and an examination of the application and approval documents provided by Samsung, we preliminarily determine that one project relates broadly to numerous types of products, including subject merchandise. Therefore, the grants provided for that project are not tied to any particular merchandise, subject or non-subject.[67]

LG reported that from 2009 through 2011, it received a number of grants under the Green Technology R&D program. Of these grants, LG has identified the "Development of Smart Grid Technology for Electronic Devices" (Smart Grid) project, as being the only project for which it received grants that are applicable to subject merchandise. LG received grants for this project in 2009, 2010, and 2011. According to LG, the focus of this project is to make home appliances

[64] See Samsung's April 9, 2012 response at page 2 of Exhibit 17.
[65] See Samsung's April 9, 2012 response at Exhibits 17C and 17D, respectively.
[66] See Samsung's May 22, 2012 response.
[67] See 19 CFR 351.525(b)(5)(i).

function in a more energy efficient manner. LG identified three of its business units that make products that can incorporate Smart Grid technology: Home Appliances, Air Conditioning, and Home Electronics. Because washing machines are classified as home appliances, we preliminarily determine that the grant LG received for the development of Smart Grid technology is tied at the point of approval to the development of home appliances, which include washing machines.[68] For the remaining projects, LG has provided approval documentation from the GOK indicating that grants for these projects are tied at the point of approval to the development of non-subject merchandise. Therefore, we preliminarily determine that grants received under the Green Technology R&D program by LG for projects, other than the Smart Grid technology project, are not countervailable.

The Department has previously determined that grants under the Green Technology R&D program are countervailable subsidies because financial assistance under this program is expressly limited by law to 27 core technologies related to "Green Technology," and is therefore de jure specific under section 771(5A)(D)(i) of the Act, while the grants constitute a direct transfer of funds under section 771(5)(D)(i) of the Act and provide a benefit in the amount of the grant, in accordance with 19 CFR 351.504(a).[69] There is no new information or evidence of changed circumstances that warrants the reconsideration of that determination.

Although the GOK has indicated that this program should be considered to provide recurring benefits, we determine that the grants provided under this program are non-recurring, in accordance with 19 CFR 351.524(c), which provides that the Department will normally treat grants as non-recurring subsidies; the GOK, Samsung, and LG have not provided any evidence that would warrant treating the grants as recurring. Accordingly, for Samsung, we examined the

[68] See 19 CFR 351.525(b)(5)(i).
[69] See Bottom Mount Refrigerators and accompanying Issues and Decision Memorandum at 27.

grants provided under the relevant project that Samsung received in years prior to the POI to determine whether they exceed 0.5 percent of the company's sales in that year to determine whether the benefits should be allocated over time or to the year of receipt.[70] Since the grants received by Samsung did not meet the 0.5 percent test, the grants received in each year are appropriately expensed in the year of receipt. Therefore, the benefit under this program is the amount of the grant provided under the relevant project received by Samsung in 2011, the POI. However, the calculation of the subsidy from this grant results in a rate that is less than 0.005 percent and, as such, this rate does not have an impact on the overall subsidy rate for Samsung. Consistent with our past practice, we therefore have not included this program in our net subsidy rate calculations for Samsung.[71]

We also examined the Smart Grid technology grants that LG received in 2009, 2010, and 2011 to determine whether they exceeded 0.5 percent of the company's sales in that year to determine whether the benefits should be allocated over time or to the year of receipt.[72] Since the Smart Grid technology grants reported by LG did not meet the 0.5 percent test, the grants received in each year are appropriately expensed in the year of receipt. Therefore, the benefit under this program is the amount of the Smart Grid technology grants received by LG in 2011, the POI. We divided the benefit received by LG in 2011 from the Smart Grid technology grant by LG's FOB sales of washing machines during the POI.[73] On this basis, we preliminarily

[70] See 19 CFR 351.524(b)(2).
[71] See, e.g., HRS from India, and accompanying Issues and Decision Memorandum at "Exemption from the CST."
[72] See 19 CFR 351.524(b)(2).
[73] In LG's April 9, 2012 response, at Exhibit 28, LG stated that its "Smart Grid" technology grant is related to home appliances. However, when asked to provide a denominator based on LG's FOB sales of home appliances, LG provided a figure that includes the sales of its Home Appliance, Air Conditioning, and Home Electronics business units. See LG's May 10, 2012 response at 16. Since the documentation provided does not indicate the products to which this grant is related, and, even assuming arguendo, that the grant was provided to develop Smart Grid technology for home appliances, the denominator provided by LG includes more than home appliances, based on the common definition of home appliances (see the LG Preliminary Calculation Memorandum). Based on the

determine the countervailable subsidy provided to LG under this program to be 0.22 percent ad valorem.

F. GOK 21st Century Frontier and Other R&D Programs

The 21st Century Frontier R&D program was introduced by the GOK in 1999 to facilitate development of core technologies that can be applied in a broad range of industries across all business sectors of Korea. According to the GOK, this program provides long-term loans to eligible companies in the form of a matching fund, i.e., the selected company first pledges the commitment of its own funds for the R&D projects that are covered by this program and then the GOK provides a matching fund. The matching fund is provided by the Ministry of Education, Science and Technology (MEST) or by the MKE, depending on the nature of the project. The GOK explained that, although the rule for the government's provision of the matching fund is to provide the same amount of money as pledged by the applicant, the specific amount of the government's matching funds varies depending upon the nature of the project and the financial condition of the applicant. The recipient company is given a three-, five- or 10-year development period which is stipulated in the contract with MEST or MKE. If the development is successfully completed, the recipient company is required to repay the amount of the original assistance from the government. There is no interest applied to the GOK's matching funds.

The GOK reported that a total of 22 projects have been launched since 1999 under this program. Among these, the GOK identified only project that could be relevant to washing machines, the Information Display R&D Center project that started in 2002 and is administered

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information in the record to date regarding the applicability of Smart Grid technology, and the products to which the R&D grants may be tied, we do not agree with LG that this is the appropriate denominator. Therefore, for the purposes of this preliminary determination, we have used LG's total sales of washing machines as the denominator, and will continue to gather information about this grant and the products to which benefit may be tied and should be attributed.

by the MKE. The Information Display R&D Center project has three sub-projects of which two, the LCD and PDP display projects, were completed in June 2005. The third sub-project, the future display development project, is composed of two segments: the first segment was completed in March 2008; the second segment started in June 2008 and is due to be completed in May 2012. The key criterion governing eligibility is whether the applicant possesses the research capability and adequate human resources sufficient to successfully carry out the task required by the research project. The MKE looks into the technological profiles and previous development records of the applicant in the information display area, which form the basis for the MKE's review and approval of applications. The statutory bases for this program are Article 7 of the Technology Development Promotion Act, and Article 15 of the Enforcement Decree of the Act.

In DRAMS from Korea and Bottom Mount Refrigerators, the Department investigated the 21st Century Frontier R&D program and determined that the project area is the appropriate level of analysis for determining whether the program is specific. The Department has previously determined that grants under the "Information Display R&D Center" project area are de jure specific under section 771(5A)(D)(i) of the Act because assistance under this project is limited to information display technologies. Further, we have previously determined that such grants constitute a direct transfer of funds under section 771(5)(D)(i) of the Act and provide a benefit in the amount of the grant, in accordance with 19 CFR 351.504(a).[74] There is no new information or evidence of changed circumstances that warrants the reconsideration of this determination, and we find our prior analysis equally applicable to the record of this POI.

[74] See, e.g., Final Affirmative Countervailing Duty Determination: Dynamic Random Access Memory Semiconductors from the Republic of Korea, 68 FR 37122 (June 23, 2003) (DRAMS from Korea) and accompanying Issues and Decision Memorandum at Comment 27. See also Bottom Mount Refrigerators and accompanying Issues and Decision Memorandum at 29.

We consider the grants to be non-recurring benefits, in accordance with 19 CFR 351.524(c). Both Samsung and LG reported receiving grants under this project. For each year over the 10-year AUL period (the POI, i.e., 2011, and the prior nine years), in which Samsung received financial assistance, we checked whether the amounts received exceeded 0.5 percent of the company's sales in that year in order to determine whether the benefits should be allocated over time or to the year of receipt. None of the grants reported over the AUL period met the prerequisite for allocation over time. Therefore, we expensed all grants to the year of receipt. Thus, to calculate the subsidy, we summed all grants received in the POI and divided the resulting benefit by the company's total sales during the POI. However, the calculation of the subsidy from these grants results in a rate that is less than 0.005 percent and, as such, this rate does not have an impact on the overall subsidy rate for Samsung. Consistent with our past practice, we therefore have not included this program in our net subsidy rate calculations for Samsung.[75]

We examined the documentation provided by LG regarding the grants received from 2002-2004, and find that the assistance is related to the development of plasma display televisions 70 inches or greater in size. Thus, we preliminarily determine that grants to LG under this program do not benefit the production of subject merchandise. This is consistent with our finding in Bottom Mount Refrigerators, where we examined grants for the same project.

G. Support for SME "Green Partnerships"

According to the GOK, the "Support for SME 'Green Partnerships'" program was first introduced in 2003 in an effort to introduce a mechanism through which large corporations could provide SMEs with their expertise and knowhow regarding environmentally friendly business

[75] See, e.g., HRS from India, and accompanying Issues and Decision Memorandum at "Exemption from the CST."

management, clean production technology, and cultivation of necessary human resources. These partnerships between large corporations and SMEs allow SMEs to accumulate expertise and technologies that enable them to produce parts and materials in an environmentally friendly manner. Partnerships are jointly funded by the MKE and participating large corporations on a project-by-project basis. Large corporations who participate in the program provide funds, to which the MKE provides a matching fund. Funds are deposited in the account of the large corporation, and it is from this account that a large corporation transfers funds to participating SMEs. According to the GOK, large corporations cannot themselves use or otherwise transfer funds in the account. It is the responsibility of the large corporation to take on the role of project manager, and to provide participating SMEs with its expertise and knowhow for establishing environmentally friendly business practices. The GOK reported that since the program began in 2003 and, through the POI, 35 large enterprises have participated in this program to provide assistance to 970 SMEs.

LG reported receiving funds under this program during the POI, as well as in 2006 and 2007. Samsung reported that it did not use the program during the POI, but that it did receive funds under this program in 2006 and 2007. Because funds under the "Support for SME 'Green Partnerships'" program are, according to the GOK, only provided to "large corporations," we preliminarily determine that this program is de jure specific within the meaning of section 771(5A)(D)(i) of the Act. Funds provided under the "Support for SME 'Green Partnerships'" program constitute a financial contribution in the form of a grant within the meaning of section 771(5)(D)(i) of the Act. A benefit exists in the amount of the grant provided in accordance with 19 CFR 351.504(a).

Furthermore, we determine that the grants provided under this program are non-recurring, in accordance with 19 CFR 351.524(c), which provides that the Department will normally treat grants as non-recurring subsidies; the GOK, Samsung, and LG have not provided any information that would warrant treating the grants as recurring. Accordingly, we examined the grants that Samsung and LG received for the years 2006 and 2007 to determine whether they exceeded 0.5 percent of each company's sales in that year to determine whether the benefits should be allocated over time or to the year of receipt.[76] Since the grants reported by Samsung and LG did not meet the 0.5 percent test, the grants received are appropriately expensed in the year of receipt. Because Samsung did not receive grants during the POI, there is no benefit to Samsung during the POI. To calculate the benefit to LG for the grant received by LG during the POI, we divided the amount of the grant received by LG during the POI by the company's total sales during that year. However, the calculation of the subsidy from this grant results in a rate that is less than 0.005 percent and, as such, this rate does not have an impact on LG's overall subsidy rate. Consistent with our past practice, we therefore have not included this program in our net subsidy rate calculations for LG.[77]

H. Korea Development Bank (KDB) and Industrial Bank of Korea (IBK) Short-Term Discounted Loans for Export Receivables

The KDB and the IBK provide support to exporters by offering short-term export financing in the form of discounted Documents against Acceptance (D/A). According to the GOK, KDB and IBK operate both D/A and "open account export transaction" (O/A) financing. These types of financing are designed to meet the needs of KDB and IBK clients for early receipt of discounted receivables prior to their maturity. D/A and O/A financing are based on the credit

[76] See 19 CFR 351.524(b)(2).
[77] See, e.g., HRS from India, and accompanying Issues and Decision Memorandum at "Exemption from the CST."

ratings of the exporter, as well as contracts between importers and exporters. In a D/A transaction, the exporter first loads contracted goods for shipment per the contract between the exporter and the importer, and then presents the bank with the bill of exchange and the relevant shipping documents specified in the draft to receive a loan from the bank in the amount of the discounted value of the invoice, repayable when the borrower receives payment from its customer. In an O/A transaction, the exporter effectively receives advance payment on its export receivables by selling them to the bank at a discount prior to receiving payment by the importer. The exporter pays the bank a "fee" that is effectively a discount rate of interest for the advance payment. In this arrangement, the bank is repaid when the importer pays the bank directly the full value of the invoice; the exporter no longer bears the liability of non-payment from the importer.

The Department has previously determined that loans provided under this program are specific because they are contingent upon export performance, in accordance with sections 771(5A)(A) and (B) of the Act, that loans from KDB and IBK constitute a financial contribution in the form of a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act, and that such loans confer a benefit, in accordance with section 771(5)(E)(ii) of the Act, to the extent of any difference between the amount of interest the recipient of the loan pays on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market.[78]

LG and Samsung reported using this program during the POI. LG reported having loans from IBK outstanding during the POI that were tied only to exports of subject merchandise to the

[78] See Bottom Mount Refrigerators and accompanying Issues and Decision Memorandum at 13.

United States.[79] Thus, to calculate the benefit for LG, for each IBK loan tied to subject merchandise, we compared the amount of interest paid on the IBK loans to the amount of interest that would be paid on a comparable commercial loan in accordance with 19 CFR 351.505(a).[80] Where the interest actually paid on the IBK loans was less than the interest that would have been payable at the benchmark rate, the difference is the benefit. For all IBK loans, the interest that LG actually paid was greater than the interest that would have been paid at the benchmark interest rate. Therefore, there is no benefit to LG from the IBK loans it received during the POI.

Samsung also reported using the program and provided information about individual KDB and IBK loans received during the POI. However, information provided by Samsung indicates that loans it received under this program are not tied at the point of bestowal to specific merchandise. Thus, we are measuring the benefit from all of Samsung's IBK and KDB loans, for exports of all products to all markets, and we are attributing that benefit to Samsung's total export sales.

Because Samsung did not provide sufficient information on its comparable commercial short-term loans, we calculated the benefit for Samsung from the loans outstanding during the POI by comparing the amount of interest paid on the KDB and IBK loans, to the amount of interest that would have been paid using a benchmark selected according to the hierarchy discussed in the "Benchmark Interest Rate for Short-Term Loans" section, above.[81] Because these loans are made on a discounted basis (i.e., interest is paid up-front at the time the loans are received), where necessary, we converted the nominal short-term interest rate benchmark to an effective discount rate. We compared the interest paid by Samsung to the interest payments, on a

[79] LG reported that none of the KDB loans it received that were outstanding during the POI were tied only to exports of subject merchandise to the United States.
[80] See "Subsidies Valuation Information" section, above.
[81] See the Samsung Preliminary Calculation Memorandum.

loan-by-loan basis, that Samsung would have paid at the benchmark interest rate. Where the actual interest paid was less than the interest that would have been payable at the benchmark rate, the benefit is the difference. We then summed the differences for each loan and divided this aggregate benefit by the company's total export sales during the POI. However, the calculation of the subsidy from these loans results in a rate that is less than 0.005 percent and, as such, this rate does not have an impact on the overall subsidy rate for Samsung. Consistent with our past practice, we therefore have not included this program in our net subsidy rate calculations for Samsung.[82]

II. Program Preliminarily Determined To Be Not Countervailable During the POI

A. Korea Trade Insurance Corporation (K-SURE) – Short-Term Export Credit Insurance

The Korean Export Insurance Corporation (KEIC) was established in 1992 to administer export and import insurance programs for the purpose of facilitating Korean manufacturers' participation in global trade. The KEIC became K-SURE in 2010. The Department initiated on K-SURE's short-term export insurance program which is designed to cover an exporter or letter of credit-issuing bank from the non-payment risk in transactions that have a payment period of less than two years. Under this program, insurance policies issued to Korean companies provide protection from risks such as payment refusal and buyer's breach of contract. According to the GOK, K-SURE determines premium rates by considering numerous factors, including the creditworthiness of the importing party and the terms of the policy.

[82] See, e.g., HRS from India, and accompanying Issues and Decision Memorandum at "Exemption from the CST."

To determine whether an export insurance program is countervailable, we must examine whether the premium rates charged are adequate to cover the program's long-term operating costs and losses.[83] In its questionnaire response, the GOK provided a summary of K-SURE's income and expenses compiled from K-SURE's financial statements with respect to its short-term export credit insurance program. The data contained K-SURE's income comprising premiums charged and claims recovered, and its expenses comprising claims paid and managing/operating expenses of the program. The GOK provided these data for the POI and all years during the AUL.[84] As required by the Department's regulation and discussed in the CVD Preamble, we have analyzed the data over the long term.[85] These data demonstrate that over the five-year period ending with the POI, K-SURE's short-term export credit insurance program was profitable as a result of its operations. Because of the net profitability over the period of five years, we find that the premiums charged by K-SURE are adequate to cover the long-term operating costs and losses of the program within the meaning of 19 CFR 351.520(a)(1). Thus, we preliminarily determine that this program is not countervailable during the POI. We also note that both Samsung and LG reported that they had no claims paid under this program related to exports of subject merchandise to the United States during the POI.

III. Programs Preliminarily Determined To Be Not Used By Participating Respondents

We preliminarily determine that the participating respondents, Samsung and LG, did not apply for or receive any benefits during the POI under the following programs:

[83] See Bottom Mount Refrigerators and accompanying Issues and Decision Memorandum at 13.
[84] See GOK's April 9, 2012 response at 79.
[85] See 19 CFR 351.520(a)(1) and the CVD Preamble, 63 FR at 65385.

A. GOK Supplier Support Fund Tax Deduction

We initiated an investigation of this program based on the petitioner showing that the GOK provides an income tax deduction under Article 8-3 of the RSTA in the amount of seven percent of contributions made by large corporations to supplier support funds, as well as income tax exemptions where a large enterprise makes cash or cash-equivalent payment to its SME suppliers to aid in their liquidity.

The GOK provided documentation showing that this program went into effect on January 1, 2011 with the introduction of Article 8-3 of the RSTA. Because this program went into effect in 2011, any benefits from this program would not be realized until the tax returns for 2011 are filed in 2012. In accordance with 19 CFR 351.509(b)(1), we recognize tax benefits as having been received the date that the recipient would otherwise have had to pay the taxes. Normally, this date will be the date on which the firm filed its tax return. The first time the tax benefits available under this program could be claimed is on the return for the 2011 tax year, which is filed in 2012, after the POI. Therefore, we preliminarily determine that this program could not be used by any Korean producers/exporters during the POI.

B. Daewoo Restructuring

1. GOK-Directed Equity Infusions under the Daewoo Workout

2. GOK-Directed Ongoing Preferential Lending under the Daewoo Workout

C. Korean Export-Import Bank Export Factoring

D. IBK Preferential Loans to Green Enterprises

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we have calculated separate subsidy rates for Samsung, LG, and Daewoo, the three producers/exporters of the subject merchandise. We have also calculated an all-others rate. Sections 703(d) and 705(c)(5)(A) of the Act state that for companies not investigated, we will determine an all-others rate by weighting the individual company subsidy rate of each of the companies investigated by each company's exports of the subject merchandise to the United States. However, the all-others rate may not include zero and de minimis rates or any rates based solely on the facts available. In this investigation, the only rate that is not de minimis or based entirely on AFA is the rate calculated for Samsung. Consequently, the rate calculated for Samsung is also assigned as the "all-others" rate. For Daewoo, which did not participate in this investigation, we have determined a rate based solely on AFA, in accordance with sections 776(a) and (b) of the Act.[86] The overall subsidy rates are summarized in the table below:

Manufacturer/Exporter	**Subsidy Rate**
Samsung Electronics Co., Ltd.	1.20 percent ad valorem
LG Electronics Inc.	0.22 percent ad valorem (de minimis)
Daewoo Electronics Corporation	70.58 percent ad valorem
All Others Rate	1.20 percent ad valorem

In accordance with sections 703(d)(1)(B) and (2) of the Act, we are directing CBP to suspend liquidation of all entries of the subject merchandise from Korea, other than those exported by LG because LG's rate is de minimis, that are entered, or withdrawn from warehouse,

[86] See the "Use of Facts Otherwise Available and Adverse Inferences" section of this notice.

for consumption on or after the date of the publication of this notice in the Federal Register, and to require a cash deposit for such entries of the merchandise in the amounts indicated above.[87]

ITC Notification

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Assistant Secretary for Import Administration. In accordance with section 705(b)(2)(B) of the Act, if our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

Verification

In accordance with section 782(i)(1) of the Act, we will verify the information submitted by the GOK and the respondents prior to making our final determination.

Disclosure and Public Comment

In accordance with 19 CFR 351.224(b), we will disclose to the parties the calculations for this preliminary determination within five days of its announcement. We will notify parties of the schedule for submitting case briefs and rebuttal briefs, in accordance with 19 CFR 351.309(c) and 19 CFR 351.309(d)(1), respectively. A list of authorities relied upon, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. Section 774 of the Act provides that the Department will hold a public hearing to afford interested parties an

[87] See Modification of Regulations Regarding the Practice of Accepting Bonds During the Provisional Measures Period in Antidumping and Countervailing Duty Investigations, 76 FR 61042 (October 3, 2011).

opportunity to discuss the arguments raised in case or rebuttal briefs, provided that such a hearing is requested by an interested party. Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the publication of this notice, pursuant to 19 CFR 351.310(c). Requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. If a request for a hearing is made in this investigation, we intend to hold the hearing two days after the deadline for submission of the rebuttal briefs, pursuant to 19 CFR 351.310(d). Any such hearing will be held at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. Parties should confirm, by telephone, the date, time, and place of the hearing 48 hours before the scheduled time.

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act.

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Paul Piquado
Assistant Secretary
for Import Administration

May 29, 2012
Date

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