

107TH CONGRESS
1ST SESSION

S. CON. RES. 10

Expressing the sense of the Senate regarding the Republic of Korea's unlawful bailout of Hyundai Electronics.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 13, 2001

Mr. CRAIG (for himself, Mr. LOTT, Mr. CRAPO, and Mr. BENNETT) submitted the following concurrent resolution; which was referred to the Committee on Finance

CONCURRENT RESOLUTION

Expressing the sense of the Senate regarding the Republic of Korea's unlawful bailout of Hyundai Electronics.

Whereas the Government of the Republic of Korea over many years has supplied aid to the Korean semiconductor industry enabling that industry to be the Republic of Korea's leading exporter;

Whereas this assistance has occurred through a coordinated series of government programs and policies, consisting of preferential access to credit, low-interest loans, government grants, preferential tax programs, government inducement of private sector loans, tariff reductions, and other measures;

Whereas government assistance to the semiconductor industry is part of the preferences, privileges, and support

given by the Korean government to corporate conglomerates, known as chaebols, over several decades;

Whereas the policy of providing assistance to chaebols has resulted in trade-distorting spending and capacity expansion and resulted in massive corporate debt;

Whereas in December 1997, the United States, the International Monetary Fund (IMF), other foreign government entities, and a group of international financial institutions assembled an unprecedented \$58,000,000,000 financial package to prevent the Korean economy from declaring bankruptcy;

Whereas as part of that rescue package, the Republic of Korea agreed to put an end to corporate cronyism, and to overhaul the banking and financial sectors;

Whereas Korea also pledged to permit and require banks to run on market principles, to allow and enable bankruptcies and workouts to occur rather than bailouts, and to end subsidies;

Whereas the Republic of Korea agreed to all of these provisions in the Stand-by Arrangement with the IMF dated December 3, 1997;

Whereas section 602 of the Foreign Operations, Export Financing, and Related Agencies Appropriations Act, 1999, as enacted by section 101(d) of Division A of the Omnibus Consolidated and Emergency Supplemental Appropriations Act (Public Law 105-277; 112 Stat. 2681-220) specified that the United States would not authorize further IMF payments to Korea unless the Secretary of the Treasury certified that the provisions of the IMF Stand-by Arrangement were adhered to;

Whereas the Secretary of the Treasury certified to Congress on December 11, 1998, April 5, 1999, and July 2, 1999 that the Stand-by Arrangement was being adhered to, and assured Congress that consultations had been held with the Government of the Republic of Korea in connection with the certifications;

Whereas the Republic of Korea has acceded to the World Trade Organization, and to the Agreement on Subsidies and Countervailing Measures (as defined in section 101(d)(12) of the Uruguay Round Agreements Act);

Whereas the Agreement on Subsidies and Countervailing Measures specifically prohibits export subsidies, and makes actionable other subsidies bestowed upon a specific enterprise that causes adverse effects;

Whereas Hyundai Electronics is a major exporter of semiconductor products from the Republic of Korea to the United States; and

Whereas the Republic of Korea has now engaged in a massive \$2,100,000,000 bailout of Hyundai Electronics which contravenes the commitments the Government of the Republic of Korea made to the IMF, the World Trade Organization and other agreements, and the understandings and certifications made to Congress under the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999: Now, therefore, be it

- 1 *Resolved by the Senate (the House of Representatives*
- 2 *concurring), That Congress—*
- 3 (1) believes strongly that the relationship be-
- 4 tween the United States and Republic of Korea has
- 5 been and will continue to be harmed significantly by

1 the bailout of a major exporter of products from
2 Korea to the United States;

3 (2) calls on the Republic of Korea to imme-
4 diately end the bailout of Hyundai Electronics;

5 (3) calls on the Republic of Korea to comply
6 immediately with its commitments to the IMF, with
7 its trade agreements, and with the assurances it
8 made to the Secretary of the Treasury;

9 (4) calls on the Secretary of the Treasury, the
10 Secretary of Commerce, and the United States
11 Trade Representative to take immediately such ac-
12 tion as is necessary to assure that the unlawful bail-
13 out by the Republic of Korea is stopped, and its ef-
14 fects fully offset or reversed; and

15 (5) calls on the United States Trade Represent-
16 ative and the Secretary of Commerce to monitor and
17 report to Congress on steps that have been taken to
18 end this bailout and reverse its effects.

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