

federal funding was countervailable because it was limited to a particular region of Canada (i.e. Quebec). However, the provincial funding was not found to be countervailable because it was not specific to an enterprise or industry within the province. Commerce treated the reimbursable grant as an interest-free short-term loan rolled over from year to year.

5.7.2 Provincial Programs

5.7.2.1 Exemption From Payment of Water Bills

Pursuant to a December 15, 1988, agreement between NHCI and the Société du pare industriel et portuaire de Bécaneour, NHCI was exempt from payment of its water bills except for the taxes associated with such bills. No other company received such an exemption. Commerce determined this program to be countervailable since benefits were limited to a specific enterprise. The net subsidy was 1.43% for Norsk Hydro (original investigation).

5.7.2.2 Article 7 Grants from the Quebec Industrial Development Corporation

The Quebec Industrial Development Corporation (SDI), a Crown corporation, acted as an investment corporation administering development programs on behalf of the Government of Quebec. The SDI provided assistance in the form of loans, loan guarantees, grants, assumption of costs on loans, and equity investments.

This assistance was offered for projects capable of having a major impact on Quebec's economy. In 1988, NHCI was awarded a grant under Article 7 of the SDI Act to cover a large percentage of the cost of certain environmental protection equipment. Commerce determined that NHCI received a disproportionately large share of assistance under Article 7, thus rendering Article 7 grants specific to an enterprise or industry. The net subsidy was 6.18% for Norsk Hydro (original investigation).

5.7.2.3 Preferential Electricity Rates

The Risk and Profit Sharing Program was administered by the provincially owned power company Hydro-Québec. Under this program, long-term contracts were signed between Hydro-Québec and industrial customers meeting certain criteria. A portion of the rate to be charged under the contracts was based either on the price of the customer's products or the customer's profitability. The price paid by a customer may therefore have varied from year to year as a result of fluctuations in the customer's prices or profits.

Contracts were negotiated with the expectation that over the term of a particular contract, Hydro-Québec would earn the full projected revenue that would have been generated under its general rates and programs.