

level of benefits (i.e. Tier I). IRDP grants were also found regionally specific because the preferential levels of benefits were limited to companies in particular regions of Canada. These grants were treated as "non-recurring" subsidies. The net rate found was 0.04%.

6.3.3 Provincial Programs

6.3.3.1 Quebec Industrial Development Corporation (SDI)—Expansion and Modernization Program

Quebec firms could receive funding under this program for projects aimed at markets outside Quebec, or where the target Quebec market was inadequately served by businesses in Quebec and the supported production was expected to replace goods imported into Quebec.

Based on the eligibility criteria, Commerce determined that the program was not *de jure* specific but was rather *de facto* specific. In 1993 and 1994, a disproportionate share of assistance was provided to the wood industry in general and to Leclere in particular. The loans were determined to be a direct transfer of funds providing a benefit in the amount of the difference between the benchmark interest rate and the interest rate paid by Leclere. In order to account for the value of the subsidy, Commerce estimated a repayment schedule for the SDI loan and compared the amount Leclere would repay under that schedule with the amount repayable under a comparable commercial loan.

Commerce determined that Leclere was uncreditworthy in 1995. Although Leclere received loans through the SDI program, Commerce determined that SDI assumed more risk than commercial banks would have, and that there were significant differences with respect to the extent to which commercial and SDI loans could be recovered in the event of default. Because of these differences, Commerce chose a benchmark interest rate that generally reflected the level of security exhibited by the government loans. Commerce determined that Leclere had been creditworthy in 1993-1994 as the company had received comparable commercial loans.

With regard to the SDI loans received by Leclere, Commerce performed a "disproportionality" test on the level of an industry as opposed to an enterprise. In the final determination, Commerce justified this deviation from its normal practice by explaining that it was provided the relevant information on an industry basis and that the statute conferred discretion to determine the appropriate level of aggregation. Commerce also asserted that it had no obligation to take into account the economic factors that might have resulted in disproportionate use of a program by a particular industry. The net rate was 0.24%.