

## VIII. CONCLUSIONS AND RECOMMENDATIONS

8.696 For the above reasons, we uphold the EC's claim that Korea has provided prohibited export subsidies in the form of the individual KEXIM APRG transactions set forth at para. 7.223 *supra*, and the individual KEXIM PSL transactions set forth at para. 7.330 *supra*, contrary to Articles 3.1(a) and 3.2 of the SCM Agreement.

8.697 However, we reject the EC's claims that Korea is in violation of Articles 3.1(a) and 3.2 of the SCM Agreement because prohibited export subsidies were and are provided pursuant to the KEXIM legal regime "as such", and the KEXIM APRG and PSL programmes "as such".

8.698 We also reject the EC's claim that Korea, by providing subsidies to Daewoo-SME/Daewoo-HI, Samho-HI/Halla-HI, and STX/Daedong through (i) workout plans and restructuring plans; (ii) tax concessions provided to Daewoo-HI/Daewoo-SME; and (iii) the grant of KEXIM APRGs and pre-shipment loans, has caused serious prejudice to the interests of the European Communities in violation of Articles 5(c) and 6.3(c) of the SCM Agreement.

8.699 Pursuant to Article 4.7 of the SCM Agreement, we are required to recommend that Korea withdraw the abovementioned individual APRG and PSL subsidies without delay.

8.700 Article 4.7 further provides that "the panel shall specify in its recommendation the time-period within which the measure must be withdrawn." Taking into account the procedures that may be required to implement our recommendation on the one hand, and the requirement that Korea withdraw its subsidies "without delay" on the other, we recommend that Korea withdraw the individual APRG and PSL subsidies within 90 days.