

government announcement on January 3, 2001 dropped every pretense of legitimacy by notifying the intend to provide for the outright bailout of Hyundai. In a press statement, the government announced that the Korean Development Bank, a Korean government agency, would purchase \$2.1 billion of Hyundai Electronic corporate bonds over the next twelve months. The move was clearly aimed at keeping Hyundai from defaulting on its massive debt. This action is outrageous and demands the immediate attention of the Korean government as well as Congress and the Administration.

The bailout violates Korea commitments under the World Trade Organization Agreement on Subsidies and Countervailing Measures. Korea's assistance to Hyundai Electronics, including the purchase of Hyundai's corporate bonds, the waiver of the bank lending limitations, and the increase in the limits on export loans, are all violative of Korea's SCM commitments, and are subject to WTO dispute settlement challenge. The assistance to Hyundai is a prohibited Export Subsidy, and meets the Adverse Effects or "injury" test.

This bailout violates the conditions of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, Public Law 105-277. Section 602 required that the U.S. Secretary of the Treasury certify that Korea was in compliance with its IMF Stand-By Arrangement provisions, including those I mentioned earlier, and that no IMF funds were being used to provide assistance to the semiconductor industry, among others. In enacting this provision, the Congress acknowledged the risk that, in the midst of the financial crisis, the Korean government would continue to attempt to keep non-viable companies afloat through directed lending and subsidies. The purpose of the provision was to create an enforcement mechanism for the IMF reform provisions, by providing for the withholding of U.S. support for further financial assistance to Korea, if the government violated the provisions of Section 602.

The Treasury Secretary made several certifications pursuant to Section 602, making them prior to each remaining disbursement of IMF loans to Korea. In these certifications, Secretary Rubin certified to Congress that Korea was implementing the reforms that it had agreed to in its IMF loan agreement and also that IMF funds were not being used to provide subsidies to the semiconductor industry. In recent weeks, the Korean government has violated both the letter and the spirit of Section 602, directly frustrating Congressional intent. The Korea government has said that it will not make any further draws on the stand-by credits from the IMF, so the U.S. government does not have the leverage of threatening to stop future loan disbursements under the current IMF program. In sum, they have taken American tax dollars and run, without fulfilling the

commitments they made. It's an outrage.

The assistance to Hyundai Electronics is a subsidy under the U.S. countervailing duty law. The benefits received by Hyundai under the Korea government's bailout program constitute a countervailable subsidy under the U.S. countervailing duty law. Section 771(5) provides that a subsidy is one that "provides a financial contribution . . . to a person and a benefit is thereby conferred." This financial contribution can include "the direct transfer of funds, such as grants, loans, and equity infusions, or the potential direct transfer of funds or liabilities, such as loan guarantees." The statute also specifies that the determination of whether a subsidy exists shall be made "without regard to whether the subsidy is provided directly or indirectly on the manufacture, production, or export or merchandise." Thus, a subsidy can exist even if the government does not directly provide the subsidy, but directs a bank to provide the subsidy.

The statute also specifies that a benefit "shall normally be treated as conferred where there is a benefit to the recipient." In the case of a loan, there is a benefit to a recipient "if there is a 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," 19 U.S.C. 1677(5)(E)(ii). Thus, the Commerce Department, when determining whether a program is a countervailable subsidy, looks to the benefit to the recipient rather than the cost to the provider of the subsidy.

In the case of Hyundai Electronics, the company would not be able to obtain any loans "in the market" absent government intervention. Private concerns are reluctantly willing to roll over Hyundai's debt only because the government is involved.

In short, because of the preferential financing Hyundai receives under these government actions, and because of the very substantial size of the loans in question, Commerce's investigation of these programs in the course of a countervailing duty proceeding would be almost certain to find substantial subsidy margins.

In conclusion, Mr. President, I am extremely disappointed in Korea's actions in regards to this matter. It is clear that Korea is purposefully circumventing the will and intent as well as the spirit and letter of the IMF agreement the World Trade Organization Agreement on Subsidies and Countervailing Measures, U.S. legislation to stop subsidies to the semiconductor industry in Korea, and U.S. countervailing duty laws.

Korea must not be permitted to backtrack on the reforms it made that were requirements for IMF and U.S. assistance, just because it is no longer drawing on those loans. The very purpose of the reform measure was to put Korea on stable financial footing. Now

Korea is unraveling its reform measures, in order to prevent a failing company from going bankrupt. Such actions cannot be overlooked, but should be dealt within the strongest possible manner.

I am very disappointed that the Korean government has acted in bad faith with respect to its commitments. The U.S. Administration and the U.S. Congress must work together to find an effective and just response to Korea's action. This bailout undermines Korea's credibility in international financial circles and threatens the bilateral economic relationship between the United States and Korea. It must be stopped.

Mr. President, I would not come to the floor and speak in these terms, nor would I have gained the sponsorship by key leaders here in the Senate that I have, if we did not think this was important. American taxpayers willing to help stabilize the world economy and willing to help stabilize its friends in the world by contributing \$58 billion for those purposes, in working with the International Monetary Fund and the World Trade Organization, should not now be ignored, nor should what we have said be ignored in this process.

With that, I introduce this Senate concurrent resolution speaking to that very issue.

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**SENATE RESOLUTION 19—TO EXPRESS THE SENSE OF THE SENATE THAT THE FEDERAL INVESTMENT IN BIOMEDICAL RESEARCH SHOULD BE INCREASED BY \$3,400,000,000 IN FISCAL YEAR 2002**

Mr. SPECTER (for himself, Mr. HARKIN, Ms. MIKULSKI, Mr. FRIST, Mr. SCHUMER, Mr. SARBANES, Ms. COLLINS, Mr. DEWINE, Mr. HUTCHINSON, Ms. SNOWE, Mr. COCHRAN, Mr. SANTORUM, and Mrs. MURRAY) submitted the following resolution; which was referred to the Committee on Appropriations.

**S. RES. 19**

Whereas past investments in biomedical research have resulted in better health, an improved quality of life for all Americans and a reduction in national health care expenditures;

Whereas the Nation's commitment to biomedical research has expanded the base of scientific knowledge about health and disease and revolutionized the practice of medicine;

Whereas the Federal Government represents the single largest contribution to biomedical research conducted in the United States;

Whereas biomedical research continues to play a vital role in the growth of this Nation's biotechnology, medical device, and pharmaceutical industries;

Whereas the origin of many of the new drugs and medical devices currently in use is based in biomedical research supported by the National Institutes of Health;

Whereas women have traditionally been under represented in medical research protocols, yet are severely affected by diseases including breast cancer, claimed the lives of 40,800 women last year; ovarian cancer

claimed another 14,000 lives; and osteoporosis and cardiovascular disorders;

Whereas research sponsored by the National Institutes of Health is responsible for the identification of genetic mutations relating to nearly 100 diseases, including Alzheimer's disease, cystic fibrosis, Huntington's disease, osteoporosis, many forms of cancer, and immune deficiency disorders;

Whereas many Americans still face serious and life-threatening health problems, both acute and chronic;

Whereas neurodegenerative diseases of the elderly, such as Alzheimer's and Parkinson's disease threaten to destroy the lives of millions of Americans, overwhelm the Nation's health care system, and bankrupt the Medicare and Medicaid programs;

Whereas one in one hundred Americans are currently infected with the hepatitis C virus, an insidious liver condition that can lead to inflammation, cirrhosis, and cancer as well as liver failure;

Whereas 320,000 Americans are now suffering from AIDS and hundreds of thousands with HIV infection;

Whereas cancer remains a comprehensive threat to any tissue or organ of the body at any age, and remains a leading cause of morbidity and mortality;

Whereas the extent of psychiatric and neurological diseases poses considerable challenges in understanding the workings of the brain and nervous system;

Whereas recent advances in the treatment of HIV illustrate the promise research holds for even more effective, accessible, and affordable treatments for persons with HIV;

Whereas infants and children are the hope of our future, yet they continue to be the most vulnerable and under served members of our society;

Whereas prostate cancer is the second leading cause of cancer deaths in men and last year 31,900 men died from prostate cancer;

Whereas diabetes, both insulin and non-insulin forms, afflict 16 million Americans and places them at risk for acute and chronic complications, including blindness, kidney failure, atherosclerosis and nerve degeneration;

Whereas the emerging understanding of the principles of biomimetics have been applied to the development of hard tissue such as bone and teeth as well as soft tissue, and this field of study holds great promise for the design of new classes of biomaterials, pharmaceuticals, diagnostic and analytical reagents;

Whereas research sponsored by the National Institutes of Health will map and sequence the entire human genome by 2003, leading to a new era of molecular medicine that will provide unprecedented opportunities for the prevention, diagnoses, treatment, and cure of diseases that currently plague society;

Whereas the fundamental way science is conducted is changing at a revolutionary pace, demanding a far greater investment in emerging new technologies, research training programs, and in developing new skills among scientific investigators; and

Whereas most Americans show overwhelming support for an increased Federal investment in biomedical research: Now, therefore, be it

*Resolved,*

#### SECTION 1. SHORT TITLE.

This resolution may be cited as the 'Biomedical Revitalization Resolution of 2001'.

#### SEC. 2. SENSE OF THE SENATE.

It is the sense of the Senate that funding for the National Institutes of Health should be increased by \$3,400,000,000 in fiscal year 2002 and that the budget resolution appropriately reflect sufficient funds to achieve this objective.

Mr. SPECTER. Mr. President, I have sought recognition today to introduce, with my distinguished colleague, Senator HARKIN, an important resolution calling for increased funding for the National Institutes of Health, to keep us on track to double NIH funding by fiscal year 2003. Specifically, the resolution calls for the fiscal year 2002 budget resolution to include an additional \$3.4 billion in the health function, to be allocated for biomedical research at the National Institutes of Health.

As chairman of the Appropriations Subcommittee for Labor, Health and Human Services, Education, and Related Agencies, I have said many times that the National Institutes of Health is the crown jewel of the Federal Government—perhaps the only jewel of the Federal Government. When I came to the Senate in 1981, NIH spending totaled \$3.6 billion. Today, funding is \$20.3 billion. This money has been very well spent, given that the advances realized by the National Institutes of Health has spawned tremendous breakthroughs in our knowledge and treatment for diseases such as cancer, Alzheimer's disease, Parkinson's disease, severe mental illnesses, diabetes, osteoporosis, heart disease, and many others. It is clear that a substantial investment in the NIH is paying off and that it is crucial that increased funding be continued in order to convert these advances into treatment and cures.

The effort to double NIH began on May 21, 1997, when the Senate passed a sense-of-the-Senate resolution stating that funding for the National Institutes of Health be doubled over five years. Regrettably, even though the resolution was passed by an overwhelming vote of 98 to nothing, the Budget Resolution contained a \$100 million reduction for health programs. That led to the introduction of an amendment to the resolution by myself and Senator HARKIN to add \$1.1 billion to carry out the expressed sense of the Senate to increase NIH funding. Our amendment, however, was defeated 63-37. We were extremely disappointed that, while the Senate had expressed its druthers on a resolution, they were simply unwilling to put up the actual dollars to accomplish this vital goal.

The following year, during debate on the fiscal year 1999 budget resolution, Senator HARKIN and I again introduced an amendment to the budget resolution which called for a \$2 billion increase for the National Institutes of Health. While we gained more support on this vote than in the previous year, our amendment was again defeated by a vote of 57-41. Not to be deterred, Senator HARKIN and I again went to work with our Subcommittee and we were able to add an additional \$2 billion to the NIH account for fiscal year 1999.

In fiscal year 2000, Senator HARKIN and I again offered an amendment to the budget resolution to add \$1.4 billion to the health accounts, over and above

the \$600 million increase which had already been provided by the Budget Committee. Despite this amendment's defeat by a vote of 47-52, we were able to provide in the appropriations bill a \$2.3 billion increase for fiscal year 2000.

Last year, Senator HARKIN and I yet again offered an amendment to the budget resolution to increase funding for health programs by \$1.6 billion. This amendment passed by a vote of 55-45. This victory brought the NIH increase to \$2.7 billion for FY'01. However, after late night negotiations with the House, the funding for NIH was cut by \$200 million below that amount.

This brief history of defeats and victories brings us to where we are today. The amount necessary to keep us on our track to double NIH funding will require \$3.4 billion for fiscal year 2002. I believe that this goal can be achieved if we make the proper allocation of our resources.

Our investment has resulted in tremendous advances in medical research. A new generation of AIDS drugs are reducing the presence of the AIDS virus in HIV infected persons to nearly undetectable levels. Death rates from cancer have begun a steady decline. With the sequencing of the human genome, we will begin, over the next few years, to reap the benefits in many fields of research as analysis continues. And if scientists are correct, stem cell research could result in a veritable fountain of youth in replacing diseased cells. I anxiously await the results of all of these avenues of remarkable research.

I, like millions of Americans, have benefited tremendously from the investment we have made in the National Institutes of Health. That is why we offer this resolution today—to call upon the Budget Committee to include the additional \$3.4 billion to the health accounts so we can carry forward the important work of the National Institutes of Health.

#### AUTHORITY FOR COMMITTEES TO MEET

##### COMMITTEE ON ARMED SERVICES

Mr. THOMAS. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Tuesday, February 13, 2001, at 9:30 a.m., in open and closed sessions to receive testimony on current and future worldwide threats to the national security of the United States.

The PRESIDING OFFICER. Without objection, it is so ordered.

##### COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. THOMAS. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Tuesday, February 13, 2001, to conduct an oversight hearing to receive the semiannual report of the Federal Reserve as mandated by the Federal Reporting Act of 2000.