

prominent non-Government statisticians and demographers each individually recommended to the Secretary the release of unadjusted data.

On March 6, 2001, the Secretary of Commerce announced his acceptance of the Census Bureau's recommendations and determined to release unadjusted data to the States for purposes of redistricting. Set forth below is the Secretary's decision memorandum of March 7, 2001, providing the rationale for his determination.

Dated: March 7, 2001.

Alden F. Abbott,

Acting General Counsel.

Decision of the Secretary of Commerce to Release the Tabulations of Population Reported to States and Localities Pursuant to 13 U.S.C. 141(c)

As Secretary of Commerce, I have the privilege of overseeing the Census Bureau and its decennial census activities. One of those activities is the production of population counts for State and local redistricting purposes, as required by the Census Act. Section 141(c) of the Census Act requires the Secretary of Commerce to complete and to report the tabulations of population to each State within one year after the decennial census date. For the 2000 decennial census, that deadline is April 1, 2001.

In conjunction with the actual enumeration conducted for the 2000 census, the Census Bureau also conducted an Accuracy and Coverage Evaluation ("A.C.E.") and performed a detailed Demographic Analysis to evaluate the quality of the actual enumeration data. On March 1, 2001, the Acting Director of the Bureau of the Census, William G. Barron, Jr., forwarded to me the report and the recommendations of the Executive Steering Committee on A.C.E. Policy (ESCAP) regarding the data to be reported to the States as required by Section 141(c). The ESCAP was formed in November 1999 to "advise the Director in determining policy for the A.C.E. and the integration of the A.C.E. results into the census for all purposes except Congressional reapportionment." The members of the ESCAP include twelve senior career Census Bureau professionals with advanced degrees and/or decades of experience in the Federal statistical system. Acting Director Barron is a member of the Committee.¹

On October 6, 2000, the Department of Commerce delegated to the Director of the Census Bureau the final determination regarding the methodology to be used in calculating the tabulations of population reported to States and localities pursuant to 13 U.S.C. 141(c). This action also required the ESCAP to prepare a written report to the Director of the Census Bureau with a recommendation regarding the methodological decision. The delegation to the Director was revised on February 14, 2001, to provide that the Secretary of Commerce would make the final decision regarding the reporting of the redistricting data after receiving the recommendation, if any, of the Director of the Census Bureau, together with the ESCAP's report and the advice of other experts.²

After evaluating a wide variety of evidence relating to the accuracy of Census 2000, in its March 1, 2001 report, the ESCAP recommended that the actual enumeration data be released as the Census Bureau's official redistricting data. The ESCAP was unable to conclude that data adjusted by use of the A.C.E. methodologies would be more accurate than the unadjusted data. The Committee reached these conclusions for several reasons:

1. Demographic Analysis estimates indicated fundamental differences with the results of the A.C.E. These differences could not be explained within the time available and raised the possibility of an as-yet undiscovered problem in the A.C.E. or census methodology.

2. The Census Bureau evaluations of synthetic error found variable results. These variable results indicate that synthetic error could, in certain circumstances, affect the results of a comparison of the adjusted and unadjusted data.

3. The Census Bureau also identified potential balancing error that indicated a possible upward bias for the A.C.E. undercount estimates, the effect of which might be a reduction in the A.C.E.'s net undercount estimates.

Acting Director Barron has advised me that he concurs with and approves

(i) Deputy Director and Chief Operating Officer; (ii) Principal Associate Director and Chief Financial Officer; (iii) Principal Associate Director for Program; (iv) Associate Director for Decennial Census (Chair); (v) Assistant Director for Decennial Census; (vi) Associate Director for Demographic Programs; (vii) Associate Director for Methodology and Standards; (viii) Chief, Planning, Research, and Evaluation Division; (ix) Chief, Decennial Management Division; (x) Chief, Decennial Statistical Studies Division; (xi) Chief, Population Division; and (xii) Senior Mathematical Statistician.

the Committee's recommendation. In addition, I asked six prominent non-Government statisticians and demographers with extensive experience and knowledge of the methodologies and issues before the ESCAP to review the Committee's report and recommendation. Each of these experts also has individually expressed concurrence with the Committee's recommendation.

After considering these views and the ESCAP report, I hereby accept the recommendation of both the Acting Director and the ESCAP Committee, and determine that the unadjusted census data produced in Census 2000 be reported to the States pursuant to Section 141(c) of the Census Act as the Census Bureau's official redistricting data.

Dated: March 7, 2001.

Donald L. Evans,

Secretary.

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DEPARTMENT OF COMMERCE

International Trade Administration

[C-357-813]

Honey from Argentina: Preliminary Affirmative Countervailing Duty Determination and Alignment with Final Antidumping Duty Determination on Honey from the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce

EFFECTIVE DATE: March 13, 2001.

FOR FURTHER INFORMATION CONTACT: Dana Mermelstein or Doug Campau, Office of AD/CVD Enforcement VII, Import Administration, U.S. Department of Commerce, Room 7866, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482-1391 and (202) 482-1395 respectively.

Preliminary Determination

The Department of Commerce (the Department) preliminarily determines that countervailable subsidies have been provided to producers and/or exporters of honey from Argentina. For information on the estimated countervailing duty rate, please see the

¹ The ESCAP is composed of the following employees of the Bureau of the Census:

"Suspension of Liquidation" section of this notice.

SUPPLEMENTARY INFORMATION:

Petitioners

The petition in this investigation was filed on behalf of the American Honey Producers Association and the Sioux Honey Association (the petitioners).

Case History

On September 29, 2000, the Department received a countervailing duty petition filed in proper form on behalf of the American Honey Producers Association and the Sioux Honey Association. The Department initiated this countervailing duty investigation of honey from Argentina on October 26, 2000. The notice of initiation was published in the **Federal Register** on November 2, 2000. *See Notice of Initiation of Countervailing Duty Investigation: Honey from Argentina*, 65 FR 65835 (*Initiation Notice*). Since the initiation, the following events have occurred.

Due to the large number of producers and exporters of honey in Argentina, and based on discussions with the Government of Argentina (GOA), the Department decided to solicit information from the GOA on an aggregate or industry-wide basis in accordance with section 777A(e)(2)(B) of the Act, rather than from individual producers and exporters. *See Memorandum to the File, Countervailing Duty Investigation of Honey From Argentina: Conducting the Investigation on an Aggregate Basis*, dated November 3, 2000, (*Aggregation Memo*). On November 9, 2000, we issued a countervailing duty questionnaire to the GOA. On November 22, 2000, the GOA submitted a letter claiming green box status pursuant to the WTO Agreement on Agriculture for twenty-seven of the programs under investigation (*see* "Green Box Claims" section below for a detailed discussion of these claims). On November 21 and 22, 2000, the Department conducted a questionnaire presentation in Argentina. *See Memorandum to the File, Honey from Argentina: Countervailing Duty Questionnaire Presentation in Buenos Aires*, dated December 4, 2000.

On December 5, 2000, petitioners made a timely request pursuant to 19 CFR 351.205(e) for postponement of the preliminary determination in accordance with section 703(c)(1) of the Tariff Act of 1930, as amended (the Act). Pursuant to section 703(c)(1)(A) of the Act, on December 15, 2000, the Department postponed the preliminary determination to March 5, 2001 (65 FR 78474).

On December 22, 2000, the Department issued an additional questionnaire addressing the GOA's green box claims. The Department received questionnaire responses from the GOA on January 2 and January 18, 2001. The Department issued supplemental questionnaires to the GOA on January 26 and January 31, 2001. The Department received the GOA's supplemental responses on February 14 and 16, 2001.

Scope of Investigation

For purposes of this investigation, the products covered are natural honey, artificial honey containing more than 50 percent natural honeys by weight, preparations of natural honey containing more than 50 percent natural honeys by weight, and flavored honey. The subject merchandise includes all grades and colors of honey whether in liquid, creamed, combs, cut comb, or chunk form, and whether packaged for retail or in bulk form.

The merchandise subject to this investigation is currently classifiable under subheadings 0409.00.00, 1702.90, and 2106.90.99 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and U.S. Customs Service (U.S. Customs) purposes, the Department's written description of the merchandise under investigation is dispositive.

In the scope section of the *Initiation Notice* for this investigation, the Department encouraged all parties to submit comments regarding product coverage by November 9, 2000. The Department did not receive any comments regarding scope.

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, all citations to the Department's regulations are to the regulations codified at 19 CFR part 351 (2000).

Injury Test

Because Argentina is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Act, the International Trade Commission (ITC) is required to determine whether imports of the subject merchandise from Argentina materially injure, or threaten material injury to, a U.S. industry. On November 13, 2000, the ITC published its preliminary determination that there is a reasonable indication that an

industry in the United States is being materially injured, or threatened with material injury, by reason of imports from Argentina of the subject merchandise (64 FR 41458). The views of the Commission are contained in USITC Publication 3369 (November 2000), *Honey from Argentina and China; Investigations Nos. 701-TA-402 and 731-TA-892-893 (Preliminary)*.

Alignment with Final Antidumping Duty Determination

On February 27, 2000, petitioners submitted a letter requesting alignment of the final determination in this investigation with the final determination of the antidumping duty investigation of honey from the People's Republic of China. *See Initiation of Antidumping Duty Investigations: Honey From Argentina and the People's Republic of China*, 65 FR 65831 (November 2, 2000). In accordance with section 705(a)(1) of the Act, we are aligning the final determination in this investigation with the final determination in the companion antidumping investigation of honey from the People's Republic of China.

Period of Investigation

The period for which we are measuring subsidies (the period of investigation or POI) is calendar year 1999.

Aggregation

Under section 777A(e)(2)(B) of the Act, the Department may calculate a single country-wide rate applicable to all exporters if the Department determines it is not practicable to determine individual countervailable subsidy rates due to the large number of exporters or producers involved in the investigation or review.

In the current countervailing duty investigation of honey from Argentina, petitioners' allegations show that there are between 18,000 and 20,000 honey producers in Argentina (*see* p. 20 of the petition, citing to the Argentine National Statistics Office, export statistics for 1998). Further information provided by the GOA indicates that there are approximately 25,000 honey producers in the country. (*See Aggregation Memo*.) The GOA also expressed concern, in meetings with the Department, about the difficulty of identifying individual producers, and the producers' ability to provide information. Thus, due to the extremely large number of honey producers subject to this investigation and the complexities associated with identifying and investigating individual producers, the Department determined that it

would not be practicable to investigate alleged countervailable subsidies received by individual honey producers and exporters in Argentina. In making this decision, it was our understanding that the GOA would be in a position to provide the information on an aggregate basis that would be necessary to conduct our subsidy analyses. Accordingly, we are following the statutory provision that permits the Department "to determine a single countrywide subsidy rate to be applied to all exporters and producers." See section 777A(e)(2)(B) of the Act. See also *Aggregation Memo*.

Green Box Claims

In accordance with section 771(5B)(F) of the Act, the Secretary will treat as non-countervailable domestic support measures that are provided with respect to certain agricultural products listed in Annex 1 of the WTO Agreement on Agriculture (Agriculture Agreement), provided such measures conform to the criteria of Annex 2 of the same agreement. Furthermore, in accordance with section 351.522(a) of the Department's regulations, the Department will determine that a particular domestic support measure conforms fully to the green box criteria in the Agriculture Agreement if it finds that the measure (1) is provided through a publicly-funded program (including government revenue foregone) not involving transfers from consumers; (2) does not have the effect of providing price support to producers; and (3) meets the relevant policy-specific criteria and conditions laid out in Annex 2 of the Agriculture Agreement. According to § 351.301(d)(6) of the Department's regulations, a claim that a particular agricultural support program should be accorded green-box status under section 771(5B)(F) of the Act must be made by the competent government with the full participation of the government authority responsible for funding and/or administering the program. Because the GOA, in consultations prior to initiation of this investigation had indicated that most of the alleged programs met the criteria for green box treatment, the Department, in its initial questionnaire cover letter issued on November 9, 2000, gave the GOA specific instructions for submitting claims that programs meet the requirements of Annex 2. The Department also addressed green box issues in its questionnaire presentation in Argentina, on November 20 and 21, 2000.

As noted in the "Case History" section, on November 22, 2000, the GOA submitted a letter claiming green

box status for twenty-seven of the programs under investigation. This letter made reference to the specific paragraph(s) of Annex 2 with which the particular programs were claimed to conform. The Department issued a questionnaire addressing the GOA's claims on December 22. In its January 18, 2001 response, the GOA reduced to three the number of programs for which it is claiming green box status. The three remaining programs for which the GOA claims green box status are the PROMEX Consortium for Honey Exportation (PROMEX), PROAPI, and the Law 22,913 Emergency Aid program. The Department issued a supplemental green box questionnaire on January 31, 2001, and the GOA submitted its response on February 16, 2001. The green box issues with respect to each of these programs are discussed in the relevant program-specific sections below.

Use of Facts Available

Section 776(a)(2)(B) of the Act states the Department "shall use facts otherwise available in reaching the applicable determination" if an interested party "fails to provide the information requested in a timely manner and in the form required." For several programs (discussed under the relevant programs below), the GOA did not provide all of the information requested by the Department and needed for a complete analysis. We must therefore resort to the facts otherwise available in reaching the applicable determination for those programs.

Furthermore, section 776(b) of the Act provides that in selecting from among the facts available, the Department may use an inference that is adverse to the interests of a party if it determines that a party has failed to cooperate to the best of its ability. In this investigation, the Department requested that the GOA submit information necessary to determine the potential countervailability of the alleged subsidy programs and to calculate potential subsidy rates applicable to those programs. When the Department was making its decision to apply an aggregate methodology to this case, the GOA indicated that it would be in a position to provide the information on an aggregate basis that would be necessary to conduct our subsidy analyses.

For most of the programs, the GOA submitted sufficient information for the Department to conduct its analysis of the countervailability of such programs and to calculate a benefit from those programs. However, for some of the

programs, the GOA has not provided sufficient information for the Department to analyze at least one or more of the three elements that are necessary to determine whether a program is countervailable: (1) Specificity; (2) financial contribution; and (3) benefit. For these particular programs, and in light of the information the GOA did provide, we preliminarily determine that the GOA had the ability to provide the additional information, as requested. Therefore, we determine that, in these few instances, it is appropriate for us to make adverse inferences. See section 776(b) of the Act. The specific information that is lacking is discussed under the relevant program section below.

In selecting from the facts available, when the Department determines that an adverse inference is warranted, the statute indicates that the Department may rely upon information derived from (1) the petition; (2) a final determination in a countervailing duty or an antidumping investigation; (3) any previous administrative review, new shipper review, expedited antidumping review, section 753 review, or section 762 review; or (4) any other information placed on the record. See 19 CFR 351.308(c). As adverse facts available in this preliminary determination, we have relied upon information derived from the GOA's questionnaire responses to supply missing information regarding the specificity, financial contribution, and/or benefit for certain programs. The Department's selection of the information used as adverse facts available is discussed in more detail in the program-specific sections below.

Subsidies Valuation Information

Allocation Period

Section 351.524(d)(2) of the Department's regulations states that we will presume the allocation period for non-recurring subsidies to be the average useful life (AUL) of renewable physical assets for the industry concerned, as listed in the Internal Revenue Service's (IRS) 1977 Class Life Asset Depreciation Range System, as updated by the Department of Treasury. The presumption will apply unless a party claims and establishes that these tables do not reasonably reflect the AUL of the renewable physical assets for the company or industry under investigation, and the party can establish that the difference between the company-specific or country-wide AUL for the industry under investigation is significant.

No party requested, or submitted information which yielded, an industry-

wide AUL different from the AUL listed in the IRS tables. We are therefore using the 10-year AUL as reported in the IRS tables to allocate any non-recurring subsidies under investigation.

Loan Benchmark Interest Rates

In selecting benchmark interest rates for use in calculating the benefits conferred by the various loan programs under investigation, we would normally look for the interest rate a borrower had received on a comparable commercial loan. *See* 19 CFR 351.505(a)(3)(i). However, since we are conducting this investigation on the aggregate level, and we are not examining individual companies, we have sought information on the national average interest rates for comparable commercial loans. *See* 19 CFR 351.505(a)(3)(ii). The GOA provided information compiled by the Central Bank of Argentina showing the national average interest rates for various types of financing: Fixed-rate and variable-rate; denominated in Argentine pesos or in foreign currency; long-term or short-term; and secured and unsecured. For each loan program found to be countervailable, we have selected a benchmark from the information provided depending upon the terms and characteristics of the particular loan program.

As discussed in the individual loan program sections below, many of the investigated loan programs require the borrower to provide a guarantee and pay commissions and other administrative fees. When we asked the GOA to provide information about fees normally charged on loans by commercial banks, the GOA indicated that many such fees are applied, but provided no indication of the rates or the values of such fees. As such, we are not able to calculate effective interest rates, which we would normally do by taking account of all such fees and commissions on both the actual loans and the benchmark loans. Thus, when calculating the benefits from countervailable loans, we have compared the loans' nominal interest rates to nominal benchmark interest rates.

Denominator Issues

The GOA has provided information for the POI relating to the total volume of honey produced in Argentina, the volume and value of total honey exports, and the volume and value of exports of honey to the United States. They have also broken down, where possible, the export volumes and values according to the province in which the honey was produced. However, the GOA was unable to provide information relating to total sales of honey during

the POI. As a proxy for total sales information, the GOA provided data showing the volume of honey production by province during the POI. However, no data was provided showing the value of production. We have estimated the value of the total production reported by the GOA using the volume and value data provided for exports to the United States. We divided the value of Argentine honey exports to the United States by the volume of those exports to calculate a per kilogram value in U.S. dollars. (We note that, throughout the POI, the exchange rate was one U.S. dollar equal to one Argentine peso.) We then multiplied this per kilogram value by the provincial production data provided to arrive at the value of total Argentine honey production during the POI. We have used this estimated total production value as our denominator when calculating the subsidy from federal domestic programs and we have used the relevant provincial production value as our denominator when calculating the subsidy from domestic subsidies provided at the provincial level; and, we have used the total or provincial export values, as reported, as our denominators when calculating the subsidy from programs we have determined to be export subsidies.

To determine the final subsidy from each provincial program that is attributable to exports of honey to the United States we applied the following methodologies: (1) For provinces for which we have reported export data, we weight-averaged the subsidies from each provincial program by multiplying each subsidy by that province's share of total honey exports, by value, to the United States during the POI; and (2) for provincial domestic subsidy programs in provinces that do not have reported exports of honey to the United States during the POI, but do have reported honey production during the POI, and for which the GOA did not specifically report that that province had no exports to the United States, we divided the benefits by the value of total Argentine honey production during the POI.

Based upon our analysis of the petition and responses to our questionnaires, we preliminarily determine the following:

I. Programs Preliminarily Determined to be Countervailable

A. Federal Programs

1. Argentine Internal Tax Reimbursement /Rebate Program (Reintegro)

The Reintegro program entitles Argentine exporters of honey produced

in Argentina to a rebate of many internal or domestic taxes that are levied during the production and distribution process in Argentina on the finished export product. The Reintegro program provides a cumulative tax rebate paid upon export, calculated as a percentage of the FOB invoice price of exported product.

According to the questionnaire responses, the GOA established a rebate system in 1971, which was known as the "reembolso" program. In 1986, Decree 1555/86 was promulgated to implement the reembolso program in a manner consistent with the General Agreement on Tariffs and Trade. In May 1991, the GOA issued Decree 1011/91, which renamed the reembolso program as Reintegro and modified the legal structure of the program. Under Decree 1011/91, Reintegro rebated indirect taxes only. Decree 1011/91 has been the relevant governing decree since 1991. The nature and structure of the program have remained unchanged since then, although the Ministry of Economics modifies Reintegro rebate levels from time to time. Exports of bulk and processed honey have been eligible for Reintegro since at least August 1996.

The Reintegro rate applicable to bulk honey was 4.1 percent from February 1998 through April 2000. The Reintegro rate applicable to processed honey was 8.1 percent from February 1998 until August 1999, when it increased to 10 percent. In April 2000, the Reintegro rate for bulk honey increased to 5.4 percent while the rate for processed honey increased to 12 percent.

The Reintegro is specific under section 771(5A)(B) of the Act because it is contingent upon export performance. The Reintegro confers a financial contribution in the form of a direct transfer of funds from the GOA to exporters of the subject merchandise. (*See* Section 771(5)(D)(i) of the Act.)

To determine whether a benefit exists for a tax rebate program, the Department will normally examine whether the amount remitted or rebated exceeds the amount of prior-stage cumulative indirect taxes paid on inputs that are consumed in the production of the exported honey, making normal allowances for waste, and if there is an excess, will find it to be the benefit. (*See* § 351.518(a) of the Department's regulations.) However, there is an exception to this rule under § 351.518(a)(4)(i-ii) of the Department's regulations. Section 351.518(a)(4)(i-ii) states that the Department will consider the entire amount of the tax rebate or remission to confer a benefit unless the Department finds that:

(i) The government in question has in place and applies a system or procedure to confirm which inputs are consumed in the production of the exported products and in what amounts, and to confirm which indirect taxes are imposed on these inputs, and the system or procedure is reasonable, effective for the purposes intended, and is based on generally accepted commercial practices in the country of export; or

(ii) If the government in question does not have a system or procedure in place, if the system or procedure is not reasonable, or if the system or procedure is instituted and considered reasonable, but is found not to be applied or not to be applied effectively, the government in question has carried out an examination of actual inputs involved to confirm which inputs are consumed in the production of the exported product, in what amounts and which indirect taxes are imposed on the inputs.

In both our original and supplemental questionnaires, we asked the GOA to describe the system or procedures that it had used to establish the appropriate level of Reintegro for bulk and processed honey (*i.e.*, how it had initially determined that honey exporters were entitled to a rebate, and how it determined the level of rebate including the goods consumed in production and the indirect tax incidence on those goods). The GOA responded that for certain sectors (*e.g.*, steel and textiles), it monitors and evaluates which inputs are consumed in the production of the exported products and in what amounts, and confirms which indirect taxes are imposed on these inputs through the collection of production and tax incidence information from representative producers. However, the GOA reported that it does not have the resources necessary to monitor the tax incidence of numerous representative honey producers. Instead, the GOA stated that its approach to the honey sector has been to gather information from the private sector, and the agricultural and tax authorities. The GOA claimed that this information is then corroborated through publicly-available sources and through studies done by independent third parties.

The GOA explained that the Directory for Industrial Alimentation of the Agricultural Secretariat (SAGyP) is in constant contact with Provincial governments, honey producers, acopiadores (honey intermediaries who collect and consolidate raw honey from multiple producers for sale and export), and exporters. The GOA states that their communications with members of the

honey sector take the form of phone calls, electronic mail, etc. The GOA submitted copies of written communications between it and the honey sector dated July 2000. These communications appear to be questionnaires to sample beekeeping costs, and responses to those questionnaires, from the Corrientes and Rio Cuarto zones.

In addition, the GOA submitted a study entitled "Production, Industrialization, and Commercialization of Honey," prepared by the Federal Administration of Public Revenue (AFIP), and dated September 1997, which the GOA states is a "study of the beekeeping sector." The GOA stated that the objective of this study was to provide AFIP agents with a guide to "understanding the manner in which the taxpayers comply with their obligation to pay taxes" and "new alternatives for increasing the amount and efficiency of tax payments in the sector." The study's introduction is translated and describes the study as follows. Chapter I deals with the macroeconomic aspects, production system, and commercialization system of honey. Chapter II explains the motive for creating an inspection strategy and examples of tax evasion. Chapters I and II are not translated. Chapter III, which is partially translated, describes the inspection strategy recommended by the study.

Thus, this study appears to deal primarily with improving the efficiency of tax payments from the honey sector and increasing the tax compliance from the honey sector with respect to direct taxes. As such, it is not clear how this study is relevant to the establishment of the appropriate levels of Reintegro applicable to bulk and processed honey. In addition, the GOA did not explain how the guidelines listed in the 1997 AFIP study were, if ever, used to confirm the appropriate level of Reintegro for bulk and processed honey.

The information and documentation submitted by the GOA does not demonstrate that the government had, or has, in place a system or set of procedures to confirm which inputs are consumed in the production of the exported products and in what amounts, and to confirm which indirect taxes are imposed on these inputs. While the GOA apparently gathers various types of information from a number of sources about the honey sector and its production processes and costs, it has provided no evidence demonstrating that there was or is a system or set of procedures in place that is followed to determine the specific inputs consumed in production of honey and the indirect

tax incidence on those inputs.

Moreover, the GOA did not explain, let alone substantiate, the process through which it analyzed the general information collected on the honey industry to determine the specific Reintegro rate for bulk and processed honey exports. Therefore, we find that the requirements for non-countervailability set forth in § 351.518(a)(4)(i) of the regulations have not been met.

However, as outlined in § 351.518(a)(4)(ii), even if the government does not have a system or procedure in place, it may still carry out ". . . an examination of actual inputs involved to confirm which inputs are consumed in the production of the exported product, in what amounts, and which indirect taxes are imposed on the inputs."

In the questionnaire response, the GOA submitted a report entitled "Reintegros for Argentine Honey Exports," prepared by EcoLatina, an independent third party, in December 2000. In commissioning the study, the GOA requested that EcoLatina calculate the incidence of indirect taxes on the average honey FOB price. The report presents information on the cost structure and tax incidence of what are described as a "representative" producer, acopiador (distributor), and exporter. However, the report does not address the cost structure and tax incidence for processed honey. In response to supplemental questions, the GOA stated that the cost structure and tax incidence data reported in the study are not based on the cost structure and tax incidence of specific producers, acopiadores, and exporters. Rather, the cost structure and tax incidence were constructed for a "typical" producer, acopiador, and exporter based on certain characteristics which the GOA relates to characteristics of the sector.

The GOA has stated that Argentine honey producers can be placed in several different groups depending on the level of dedication and on the number of hives. However, the GOA maintains that the main distinction among groups is between industrial producers and all others and that the characteristics of non-industrial producers are very similar.

In its narrative, the GOA has described the representative producer as a part-time producer who maintains 250 hives and has an alternative source of income. The report classifies honey producers by level of dedication to beekeeping and number of hives and indicates the percent of honey produced by each level of producer. Based on the criteria of the report, the "representative

producer" fits into the category described as having "all personnel dedicated to beekeeping" and having between 200 and 499 hives in production. This category accounts for only 24 percent of Argentine honey production. By contrast, the report indicates that 49 percent of Argentine honey is produced by producers described in the report as "household beekeepers" who have fewer than 49 hives. Moreover, the report indicates that 24 percent of Argentine honey is produced by producers described as having only a "partial dedication to beekeeping" and between 50 and 199 hives. As such, it is unclear how the producer level and the relative production level information detailed in the report supports the GOA's narrative description of what constitutes a representative Argentine honey producer. Thus, the "representative producer" which the GOA states is the "basic assumption" of the report apparently bears little resemblance to the household and partially-dedicated beekeepers which account for 71 percent of Argentine honey production.

We do not disagree that it would be an enormous burden for a government to collect the necessary data from the thousands of honey producers in Argentina or that the use of an alternative method for collecting the necessary information automatically invalidates the data. However, this report was not based on even a representative sample of actual companies, nor were its identification of inputs and indirect tax incidence (which had been collected from public sources) tested against actual company information or experience. Moreover, as noted in the report, tax incidence at the producer level accounts for the vast majority of the claimed indirect tax incidence on exports of Argentine bulk honey. As such, the report cannot be considered representative of the honey industry in Argentina, and, as such, it cannot meet the standard set forth in § 351.518(a)(4)(ii) that an examination of the "actual" inputs has been carried out.

Even if the report were to be considered an examination of the "actual" inputs involved, it does not demonstrate that the Reintegro is based solely on the indirect tax incidence on the inputs consumed in production. The report provided by the GOA includes a list of virtually all of the costs associated with production, distribution, and export of bulk honey and bases its calculation of indirect tax incidence on this list. The list contains numerous items, such as spare parts, transportation, and insurance, which cannot be considered to be consumed in

the production of bulk honey. In our supplemental questionnaire, we asked the GOA to explain how it was determined that each of the costs listed for the representative producer, acopiador, and exporter could be considered to be inputs consumed in the production of bulk honey. In its supplemental questionnaire response, the GOA offered descriptions of eight general cost categories found at the producer level. The GOA did not explain or substantiate how it was determined that each of the costs listed for the representative producer, acopiador, and exporter could be considered to be inputs consumed in the production of bulk honey.

We also examined whether the listed taxes paid on the listed inputs were accurately characterized as "indirect taxes" paid on inputs consumed in the production of bulk honey. Some of the taxes in the report were described as Real Estate Tax, Minimum Prospective Income Tax, and Tax on Debt. In our supplemental questionnaire, we asked the GOA to explain how it was determined that each of the taxes listed for the representative producer, acopiador, and exporter in its report could be considered to be indirect taxes paid to be inputs consumed in the production of bulk honey. In its supplemental questionnaire response, the GOA simply made the conclusory statements that its report only considered indirect taxes and did not explain how it determined that each of the taxes listed for the representative producer, acopiador, and exporter in the report could be considered to be indirect taxes paid on inputs consumed in the production of bulk honey.

Furthermore, the report did not list any additional inputs or indirect taxes incurred in the production of processed honey. Accordingly, based on our analysis of the report and other information submitted by the GOA, the Department preliminarily determines, pursuant to § 351.518(a)(4)(ii) of the regulations, that the GOA has not carried out a "reasonable examination" of actual inputs involved to confirm which inputs are consumed in the production of exported bulk and processed honey, in what amounts, and which indirect taxes are imposed on those inputs. As such, the Department preliminarily determines that the entire amount of the Reintegro for bulk and processed honey confers a countervailable benefit.

Because we find the entire amount of the Reintegro for bulk and processed honey to be countervailable, we need not address the Reintegro's

countervailability under § 351.518(a)(2) of the Department's regulations.

Because the Reintegro is calculated as a percentage of the FOB value of the exports, the percentage rebated serves as the subsidy rate. To calculate a single subsidy rate for subject merchandise, which includes both bulk and processed honey, we weight-averaged the Reintegro rates for bulk and processed honey by the FOB value of exports to the United States of bulk and processed honey during the POI. Thus, we preliminarily determine that Reintegro provided a countervailable subsidy of 4.16 percent ad valorem.

In April 2000, the Reintegro rates for bulk and processed honey changed. These changes affected all firms that export subject merchandise and were effectuated by a change in the rebate schedule of the existing decree. These changes constitute program-wide changes in accordance with § 351.526(b)(1-2) of the regulations. Therefore, consistent with § 351.526(c)(1), for the purposes of establishing the cash deposit rate of estimated countervailing duties we have weight-averaged the Reintegro rates currently in effect (5.4 percent for bulk honey and 12 percent for processed honey) by the FOB value of exports of bulk and processed honey to the United States during the POI. The cash deposit rate applicable to this program is 5.48 percent ad valorem.

2. BNA Pre-Financing of Exports Regime for the Agriculture Sector

According to the questionnaire responses, the Pre-Financing of Exports Regime for the Agriculture Sector program was established by the Banco de la Nacion de Argentina (BNA), a government-owned bank. In our notice of initiation, we identified this program as Law 24,467 Short- and Long-term Export Financing based on petitioners' allegation and supporting documentation which indicated that such assistance was either being provided pursuant to Law 24,467, or that companies meeting the criteria in Law 24,467 were eligible for such assistance. In its questionnaire response, the Government of Argentina clarified that Law 24,467 is the Argentine law pertaining to small and medium-sized companies (PYMES). The GOA explained that only a few programs are explicitly provided for in Law 24,467 and that there have been budgetary constraints in fulfilling the legislative intent of the law. Therefore, "... mechanisms which predated Law 24, 467 and which were already in place have been used to show some progress toward the goal of helping the small and

medium-sized companies in Argentina.” (Questionnaire Response at 24). As such, assistance has been provided through other programs to fulfill the goal of Law 24,467 to assist small and medium-sized companies. Therefore, for certain programs identified as Law 24,467 programs in the notice of initiation, the GOA has identified the correct legislative or authorizing authority for the program, and clarified the title of the program. As reported in the questionnaire response, this program, the BNA Pre-Financing of Exports Regime for the Agriculture Sector, was established pursuant to Annex B to the BNA Circular No. 10715/I.

This line of credit is offered by BNA to final exporters, for the financing of agricultural exports. In addition to fulfilling the standard application process for seeking a loan before the BNA, the BNA requires all applicants to submit an irrevocable letter of credit opened to his/her order, or, in the alternative, a firm offer or firm purchase order stating the terms and conditions of the export transaction, or a confirmation obtained from the intervening broker. This line of credit is offered in U.S. dollars, at a variable interest rate tied to LIBOR plus a spread added by the BNA. The additional spread is calculated based on the credit risk of the borrower, as determined on a case-by-case basis by the BNA. Financing under this line of credit is available for up to 80 percent of the FOB value of the export goods. Financing can be granted for a maximum period of 180 days. During the POI, there were loans outstanding to honey exporters under this program.

We preliminarily determine that these lines of credit are specific within the meaning of section 771(5A)(B) of the Act because they are contingent upon export performance. Furthermore, a financial contribution is conferred in the transfer of funds through loans, under section 771(5)(D) of the Act.

To determine whether there is a benefit, we compared the interest rate charged on loans provided under this program to the commercial interest rates for loans that most closely resemble loans under this program. Based on this comparison, there is a difference in the amount the recipient of the loan pays and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market. Thus, these lines of credit provide a benefit under section 771(5)(E) of the Act.

The GOA reported that there were five loans granted under this program to honey producers that were outstanding during the POI. Two of the loans were

shown to have been for honey exports to a country other than the United States; two of the loans were shown to have been for honey exports to the United States; and, for the fifth loan, the GOA did not indicate the destination of the export shipment financed. Thus, in addition to the two loans specifically identified as providing financing for shipments to the United States, and because it appears that BNA loan records must contain information on the destination of the fifth loan, we have assumed adversely that the fifth loan also provided financing for honey shipments to the United States. The GOA reported all of the relevant loan information for these loans.

To calculate the benefit, we applied our standard short-term loan methodology, multiplying the difference between the actual interest rate and the benchmark interest rate by the loan principal amount and the number of days outstanding. We then divided the sum of the benefits from all loans by the value of honey exports to the United States during the POI. We thus preliminarily determine the countervailable subsidy for this program to be 0.044 percent ad valorem.

3. BNA Financing for the Acquisition of Goods of Argentine Origin

According to the questionnaire responses, the BNA established a line of credit for financing the acquisition of goods of Argentine origin for the agricultural sector. In our notice of initiation, this program was identified as the Law 24,467 Line of Credit for the Acquisition of New Capital Goods of Argentine Origin. However, the GOA has reported that this program is a BNA program for Financing the Acquisition of Goods of Argentine Origin. (See discussion of alleged Law 24,467 programs under the “BNA Pre-Financing of Exports Regime for the Agriculture Sector” above).

Under this program, the goods financed must be of Argentine origin, or must have a maximum foreign component of 40 percent. The financing is provided for up to five years, is limited to 80 percent of the purchase price, excluding VAT, and cannot exceed US\$500,000 per borrower. The applicable interest rate is 11 percent. The BNA also charges an administration of guarantees fee for all investment and working capital loans offered for 90 days or more, which are secured with a mortgage, warrant, assignment of credit, third party surety bond, or a security interest in personal property.

A program that is contingent upon the use of domestic goods over imported goods, “alone, or as 1 of 2 or more

conditions,” is an import substitution subsidy under section 771(5A)(C) of the Act. Because the goods for which financing is requested under this program must be of Argentine origin, or must have a maximum foreign component of 40 percent, we preliminarily determine that under section 771(5A)(C) of the Act, the BNA Line of Credit for the Acquisition of New Capital Goods of Argentine Origin is specific as an import substitution subsidy.

Loans under this program provide a financial contribution under section 771(5)(D) of the Act in the form of a transfer of funds. To determine whether there is a benefit, we compared the interest rate charged on loans provided under this program to the commercial interest rate for loans that most closely resemble loans under this program. Based on this comparison, there is a difference in 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. Thus, this line of credit provides a benefit under section 771(5)(E) of the Act.

To calculate the benefit, we used the following methodology. Because the GOA did not provide requested information regarding the specific loans to honey producers granted under this program that were outstanding during the POI, or information showing the aggregate value of loans outstanding to the honey industry under this program during the POI, we had to estimate, from other information on the record, the amount of loans to the honey industry that were outstanding during the POI under this program.

In the 1999 BNA annual report provided by the GOA, there is data showing the balance of all BNA lending (regardless of program) to the agricultural sector for the years ending December 31, 1998 and 1999. Absent any other information on the record, we have used this information to calculate a proxy for the loans provided to honey producers under this program. First, we determined the ratio of the value of honey production during the POI to the value of total Argentine agricultural production during the POI, based on information provided in the questionnaire responses. We have multiplied this ratio by the average balance of total loans outstanding to the agriculture sector during the POI (calculated by averaging the two year-end loan balance amounts) to estimate the average outstanding loan balance for all BNA lending to the honey sector.

Because this figure represents the total of all BNA lending to honey producers and because there are multiple BNA loan programs under investigation, we had to adjust this figure to derive the outstanding loan balance during the POI for loans to the honey industry under this program. First, because actual loan information was submitted for all loans provided to honey under the "BNA Pre-Financing of Exports Regime for the Agriculture Sector," we subtracted that amount from the total amount that we calculated for all BNA loans outstanding to honey during the POI. The balance was then divided by the remaining number of BNA loan programs under investigation in order to estimate the outstanding loan balance from this particular BNA program.

Because these are long-term loans, the benefit is calculated by multiplying the outstanding loan balance during the POI by the difference between the interest rate charged under the program and the benchmark interest rate in accordance with section 351.505(c) of the regulations. We then divided this amount by the value of total honey production in Argentina during the POI. We thus preliminarily determine the countervailable subsidy from this program to be 0.173 percent ad valorem.

4. Regional Productive Revitalization: National Program for the Promotion and Development of Local Productive Initiative (Dinamizacion Productiva Regional Nacional de Promocion y Fomenta de la Iniciativa Productiva Local)

According to the questionnaire responses, the GOA established the Regional Productive Revitalization: National Program for the Promotion and Development of Local Productive Initiative (Regional Productive Revitalization Program) to strengthen the economies of small and medium-sized towns in the Argentine interior. In our notice of initiation, we identified this program as Law 24,467 Program for the Enhancement of Regional Production. (See discussion of alleged Law 24,467 programs under the "BNA Pre-Financing of Exports Regime for the Agricultural Sector" above). As reported in the questionnaire response, the Regional Productive Revitalization program was established by the Ministry of the Interior to improve the quality of life in small and medium-sized towns in the Argentine interior, and increase employment and incomes in these areas through the transformation and modernization of the local productive base. Individual projects are not eligible for this line of credit; only collective

projects, involving three to five producers associated with the development of the project, are eligible. Eligibility is also contingent upon a two-year residency requirement in the area where the project is to be developed. The associated producers must also provide a guarantee covering 130 percent of the loan. The program provides credit for the acquisition of capital goods, technology, working capital, training needs, and technical assistance.

There are two levels of loans under this line of credit. The first level provides loans for municipal projects based in a single municipality for financing up to \$200,000. The second level provides credit for inter-municipal projects that are based in more than one municipality. These projects are eligible for financing up to \$1,000,000. These loans are granted at 8.0 percent interest, for a period of up to five years, with a grace period of up to 18 months. Interest accrues and is payable after the expiration of the grace period. There were loans to honey projects under this program outstanding during the POI.

We preliminarily determine this program to be specific under section 771(5A)(D) of the Act because the program is limited to only certain regions of Argentina. Enterprises or industries located within the provincial capitals are not eligible for use of this program. This program is therefore de jure regionally specific. This program provides a financial contribution in the form of a transfer of funds, as defined by section 771(D)(i) of the Act. To determine whether there is a benefit, we compared the interest rate charged on loans provided under this program to the commercial interest rates for loans that most closely resemble loans under this program. Because there is a difference in the amount the recipient of the loan paid on the loan and the amount the recipient would have paid on a comparable commercial loan during the POI, this line of credit provided a benefit during the POI under section 771(5)(E) of the Act.

The GOA reported that there were two loans outstanding to honey producers during the POI. The GOA did not report the dates that these loans were granted, or whether any interest or principal payments were made prior to or during the POI. Thus, we have made certain assumptions regarding the specifics of these loans in order to calculate the benefit: we assume that the loans were granted on January 1, 1999 and that during the POI, the loans are in the 18-month grace period on principal and interest repayment and the entire loan principal is outstanding during the POI.

However, since interest is accruing during the grace period and will be payable thereafter, we have calculated the benefit by multiplying the principal outstanding during the POI by the difference between the loan interest rate and the benchmark interest rate. We then divided this benefit by the value of honey production in Argentina during the POI. Thus we preliminarily determine the countervailable subsidy from this program to be 0.055 percent ad valorem.

5. BNA Warrant-Based Export Financing

In our notice of initiation, we identified this program as Preferential Export Financing Based on Warrants based on petitioners' allegation and the supporting documentation which indicated that preferential financing was administered pursuant to Law 9643 and contingent upon export performance.

According to the questionnaire responses, the warrant is a financing instrument that was created by Law 9643/14 in 1914 to secure commercial lending transactions. A warrant and a certificate of deposit can be issued upon the storage of products in a certified warehouse, under certain conditions. Both the certificate of deposit and the warrant are negotiable instruments. The certificate of deposit is a legal title to the stored goods. A warrant is a financing instrument attached to the certificate of deposit, which may be used to secure commercial financing. Once detached from the certificate of deposit, the warrant can be pledged as collateral, thereby perfecting a security interest in the stored goods. A warrant can be pledged as collateral for a financing transaction if the owner of the instrument endorses it to the lending institution.

The GOA reported that the Argentine Small Business Association (the SePYME) has no substantive responsibility or regulatory authority over warrant-based financing and there is no specific warrant-based program in Argentina. However, the GOA indicated that the BNA, like other banks, offers warrant-based financing for a maximum term of 180 days. Furthermore, Law 9643 specifically indicates that warrant-based financing can be used as a form of export prefinancing. With no other information on the record to examine BNA's Warrant-Based financing, we preliminarily determine on the basis of facts available that the BNA provides warrant-based financing for export purposes.

The BNA Warrant-Based Export Financing program is a de jure specific export subsidy pursuant to section 771(5A)(B). These lines of credit

provide a financial contribution within the meaning of section 771(5)(D)(i) of the Act because they are in the form of a transfer of funds from the government.

To determine whether there is a benefit, we compared the interest rate charged on loans provided under this program to the commercial interest rates for loans that most closely resemble loans under this program. Based on this comparison, there is a difference in 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. Thus, this line of credit provides a benefit under section 771(5)(E) of the Act.

To calculate the benefit, we used the following methodology. Because the GOA did not provide information regarding the specific loans to honey producers granted under this program that were outstanding during the POI, or information showing the aggregate value of loans outstanding to the honey industry under this program during the POI, we had to derive, from other information on the record, the amount of loans to the honey industry that were outstanding during the POI under this program. Our methodology to derive the amount of loans to the honey industry that were outstanding during the POI from this BNA program is set forth in detail in the section on "BNA Financing for the Acquisition of Goods of Argentine Origin" above. After calculating the loans outstanding to the honey industry during the POI under this BNA program, we multiplied that amount by the difference between the benchmark and the program interest rate.

Because these are short-term loans, the product of the prior calculation is multiplied by the number of days the loan is outstanding divided by 365 days. We have assumed that these loans were outstanding for 180 days, the maximum term available for warrant-based financing. Because this program provides export financing, we then divided this amount by the total value of honey exports during the POI. We thus preliminarily determine the countervailable subsidy from this program to be 0.153 percent ad valorem.

6. *Fundacion Export*Ar*

The GOA's *Fundacion Export*Ar* (*Export*Ar*) program was established in 1995. Though it was originally funded through the United Nations Development Program (UNDP), the Argentine Foreign Ministry was the source of all funds provided during the POI. *Export*Ar*'s objective is the promotion of Argentine exports. To

achieve this objective, the program provides advice to small and medium-sized businesses, supplies information on international markets and purchasers, and organizes participation in trade missions, fairs, seminars and meetings. According to the GOA, all information services provided under *Export*Ar* are offered free of charge. Only participants in trade fairs must pay for their participation. Such participants must pay all costs associated with their participation, along with at least fifty percent of the cost of their stand. *Export*Ar* will pay the remainder of the stand cost.

According to the questionnaire responses, during the POI, general export promotion information, in the form of profiles and studies of potential markets, and reports on trade opportunities, was made available to members of the honey industry by *Export*Ar*. The honey sector also participated in one *Export*Ar*-sponsored overseas trade show during the POI. This trade show was held in the United States. *Export*Ar* provided a grant to the honey sector participant in that trade show to help offset the cost of that participant's exhibit stand.

Under § 351.514 of the regulations, general export promotion activities undertaken by the government are not countervailable if the activities consist of general informational activities that do not promote particular products over others. *See, e.g., Fresh Cut Flowers from Mexico*, 49 FR 15007 (1984). However, where such activities provided financial assistance to a firm, the Department has found the subject programs to be countervailable. *See, e.g., Fresh Atlantic Salmon from Chile*, 63 FR 31437 (1998); and *Fresh Atlantic Groundfish from Canada*, 51 FR 10041 (1986) (government funding of attendance at trade fair which targeted the exports of specific product to the U.S. market found to be countervailable); and *Fresh Cut Flowers from Israel*, 52 FR 3316 (1987) (government reimbursements of up to 50 percent of actual expenses incurred by the firm for promotional activities found to be countervailable).

Based on the information provided in the questionnaire responses, we preliminarily determine that the information services provided by *Export*Ar* on countries and markets and trade opportunities constitute general export promotion activities, and, as such are not countervailable in accordance with § 351.514 of the regulations. However, with regard to the financial assistance provided to honey producers/exporters during the POI to attend an overseas trade fair, we preliminarily determine that such

financial assistance is not part of general export promotion activities, and is thus, countervailable within the meaning of section 771(5) of the Act. The financial assistance that was provided during the POI covered the costs associated with a stand at a trade fair in the United States. This financial contribution provides a benefit equivalent to the amount of the grant. The grants are also specific within the meaning of section 771(5A)(B) of the Act because their receipt is tied to the anticipated exportation of honey to the United States.

To calculate the subsidy, we divided the amount of the grant received during the POI by the value of honey exports to the United States during the POI. We preliminarily determine the countervailable subsidy for this program is 0.008 percent ad valorem.

7. *Line of Credit for the Acquisition of Industrial and Agricultural Machinery, Silos and Transportation Vehicles*

According to the questionnaire responses, the BNA established a line of credit for the Acquisition of Industrial and Agricultural Machinery, Silos and Transportation Vehicles in 1996. In our notice of initiation, we identified this program as Law 24,467 Additional Lines of Credit to Foment the Purchase of Capital Goods of Argentine Origin. As reported in the questionnaire response, the "Acquisition of Industrial and Agricultural Machinery, Silos and Transportation Vehicles" is not a Law 24,467 program, but rather a BNA program. (*See* discussion of alleged Law 24,467 programs under the "BNA Pre-Financing of Exports Regime for the Agricultural Sector" above).

Through this program, BNA aims to assist companies in the industrial, commercial, services, transportation, and agricultural sectors by providing financing for the purchase of capital goods of Argentine origin or of goods that have a maximum foreign component of 40 percent. To receive financing, the BNA requires all applicants to submit a pro-forma invoice indicating that the merchandise is of Argentine origin or has a maximum foreign component of 40 percent. Loan applications are evaluated by the standard criteria of creditworthiness established by the Argentine Central Bank, set forth by Circular No. 2180.

Under this line of credit, financing is limited to up to 75 percent of the purchase value, excluding the VAT, and must not exceed US \$500,000 per application. Interest rates under this line of credit vary based on industry. Generally, the applicable interest rate for agricultural loans is 14.5 percent. Approved loans under this line of credit

are subject to an "administration of guarantees" fee, and a fee for the evaluation of investment projects. Repayments for the agricultural sector are amortized in equal installments, quarterly or biannually, based on the seasonal activity of the borrower. The repayment period is not to exceed five years.

We preliminarily determine that the Acquisition of Industrial and Agricultural Machinery, Silos and Transportation Vehicles line of credit is specific because it is an import substitution subsidy within the meaning of section 771(5A)(C) of the Act. This line of credit also provides a financial contribution under section 771(5)(D)(i) of the Act because the loans are a transfer of funds from the GOA.

To determine whether there is a benefit, we compared the interest rate charged on loans provided under this program to the commercial interest rates for loans that most closely resemble loans under this program. Based on this comparison, there is a difference in 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. Thus, this line of credit provides a benefit under section 771(5)(E)(ii) of the Act.

To calculate the benefit, we used the following methodology. Because the GOA did not provide requested information regarding the specific loans to honey producers granted under this program that were outstanding during the POI, or information showing the aggregate value of loans outstanding to the honey industry under this program during the POI, we had to derive, from other information on the record, the amount of loans to the honey industry that were outstanding during the POI under this program. Our methodology to derive the amount of loans to the honey industry that was outstanding during the POI from this BNA program is set forth in detail in the section on "BNA Financing for the Acquisition of Goods of Argentine Origin" above. After calculating the loan balance outstanding to the honey industry during the POI under this BNA program, we multiplied that amount by the difference between the benchmark and the program interest rate. We then divided this amount by the value of total honey production in Argentina during the POI. We thus preliminarily determine the countervailable subsidy from this program to be 0.027 percent ad valorem.

8. PROAPI

According to the questionnaire responses, the GOA established PROAPI

as a project for honey sector research, development and technology transfer. In our notice of initiation, we identified this program as "PROMEX/PROAPI Development Plan for the Enhanced Exportation of Honey" based on petitioners' allegation and supporting documentation indicating that the aforementioned assistance was being provided under a program partially coordinated by PROMEX. According to the GOA, PROMEX is a separate export promotion program. PROAPI is not an export promotion program.

PROAPI was created by the National Institute for Agricultural and Livestock Technology (INTA) in 1995, and was initially funded by both INTA and the Argentine Technology Fund (FONTAR), an IDB-funded project. FONTAR provided a loan to PROAPI through the BNA, while INTA supplied an equivalent amount of in-kind services, equipment and overhead expenses.

According to the GOA, PROAPI has been self-sustaining since 1998, and now finances itself entirely through the sale of goods and services produced from the project. These goods and services are reportedly sold at market rates. Furthermore, according to the GOA, the terms of the IDB/FONTAR loan initially funding PROAPI require that PROAPI achieve a twelve percent rate of return, and that, because of this, PROAPI must make returns on sales greater than its costs.

The goods provided to honey producers under PROAPI during the POI were fertilized queen bees and a disease control product called "BeeVar." The services provided during the POI were inspection and certification services for live beehive materials and sponsorship for trade fairs. However, when PROAPI sponsored trade fairs, it did so in name only; PROAPI did not provide benefits to individual trade fair participants or groups. According to the GOA, PROAPI is the only Argentine supplier of BeeVar, and of inspection and certification services for live beehive material.

On November 22, 2000, the GOA claimed green box status for the PROAPI program. According to the GOA, PROAPI is a general services program which qualifies for green box status under paragraphs 2(c), (d), and (f) of Annex 2 of the Agriculture Agreement. In order to determine whether the assistance provided under PROAPI qualifies for green box status under section 771(5B)(F) of the Act, we examined whether PROAPI met the criteria set forth in the Agriculture Agreement. As noted in the "Green Box Claims" section above, according to

§ 351.522 of the regulations, the Department will determine that a particular domestic support measure conforms fully to the green box criteria in the Agriculture Agreement if it finds that the measure (1) is provided through a publicly-funded program (including government revenue foregone) not involving transfers from consumers; (2) does not have the effect of providing price support to producers; and (3) meets the relevant policy-specific criteria and conditions laid out in Annex 2.

With regard to the first criterion of § 351.522, the GOA indicated that all monies used to initially fund this program came directly from public sources (*i.e.*, INTA and FONTAR). As for the second criterion of § 351.522, the GOA claimed that PROAPI does not have the effect of providing price support to producers, and is not tied in any manner to international or domestic prices. According to the GOA, producers must pay fees for all goods and services provided to them under this program. As for the third criterion of § 351.522, because the GOA claimed green box status for this program under paragraphs 1 and 2 of Annex 2, the assistance provided under PROAPI must meet the policy-specific conditions and criteria contained in those paragraphs.

According to paragraph 1 of Annex 2, domestic support measures for which exemption from the reduction commitments is claimed must meet the fundamental requirement that they have no, or at most minimal, trade-distorting effects or effects on production. The support in question must be provided through a publicly-funded government program not involving transfers from consumers. Furthermore, the support in question must not have the effect of providing price support to producers. In this case, as noted above, the GOA has reported that support under this program is provided through a publicly-funded government program not involving transfers from consumers. The GOA also reported that support provided under PROAPI is not tied in any manner to production or prices, and, in conjunction with the fact that users pay for the services provided under the program, could therefore not have trade-distorting effects or effects on production. Finally, the GOA has claimed that, since PROAPI is self-sustaining from fees paid by users of the program's services, these users do not receive any price support from the program.

According to paragraph 2 of Annex 2, government service programs for which exemption from the reduction commitments is claimed shall not

involve direct payments to producers or processors. These general service programs must meet both the general criteria in paragraph 1 of Annex 2 and the relevant policy-specific conditions set forth in paragraph 2. Although the GOA has argued that the entire PROAPI program meets the requirements for green box treatment, there are different and distinct types of assistance provided under PROAPI. Because there are different types of assistance, we must examine each one to determine whether it meets the green box requirements for domestic support measures.

With regard to inspection and certification services, the GOA reported that users pay for the inspection and certification services and receive no direct payments under the PROAPI program. In addition, the PROAPI inspection and certification services appear to conform to the policy-specific conditions set out in paragraph 2(e) of Annex 2. Although the GOA did not claim green box status under paragraph 2(e) specifically, paragraph 2 states that general service programs include, but are not restricted to, the services discussed in the illustrative list of subparagraphs (a) through (g). As this is an illustrative list, we may analyze the potential green box status of the support components of a program by considering all of the policy-specific conditions listed in paragraph 2. Thus, since the PROAPI inspection and certification services appear to conform to the policy-specific conditions set out in paragraph 2(e) of Annex 2, we preliminarily determine that the inspection and certification services component of PROAPI is entitled to green box status under section 771(5B)(F) of the Act.

The second type of assistance provided under PROAPI involves the sale of BeeVar, a disease control product, to honey producers. PROAPI is the only supplier of this product in Argentina. The GOA submitted proprietary information on the costs and sales prices charged by PROAPI for the BeeVar provided during the POI. Paragraph 2 of Annex 2 states that green box status may be granted to certain programs which “. . . provide services or *benefits* to agriculture or the rural community” (emphasis added). It is not clear whether goods could be considered “benefits” for purposes of government services programs under the Agreement. However, we need not reach that issue if we determine that the assistance in question is otherwise non-countervailable based on the statutory provisions.

With respect to the provision of goods, section 771(5)(E) of the Act provides that a benefit is conferred where goods or services are provided for less than adequate remuneration. In accordance with § 351.511(a)(2)(i) of the regulations, the adequacy of such remuneration is determined in relation to prevailing market conditions for the goods or services in the country which is subject to the investigation. Prevailing market conditions include price, quantity, availability, and other conditions of purchase. Under section 351.511(a)(2)(ii) of the regulations, if there is no usable market-determined price with which to make the comparison, we will seek to measure the adequacy of remuneration by comparing the government price to a world market price where it is reasonable to conclude that such a price would be available to purchasers in the country in question. Pursuant to § 351.511(a)(2)(iii) of the regulations, if there is no world market price available to purchasers in the country in question, the Secretary will normally measure the adequacy of remuneration by assessing whether the government price is consistent with market principles. Based on our analysis of the proprietary data provided by the GOA, we preliminarily determine that the sales prices set by PROAPI for BeeVar were consistent with market principles, and, as such, that PROAPI received adequate remuneration for the sale of BeeVar. Because we have determined that BeeVar is not provided for less than adequate remuneration, and, this element of the PROAPI program is not countervailable, we need not reach the issue of whether a good can be considered a “benefit” under the Agreement.

The third type of assistance provided under PROAPI involves the sale of fertilized queen bees. As discussed above with respect to BeeVar, even if goods could be considered “benefits” under paragraph 2 of Annex 2 of the Agreement, such benefits must meet the policy-specific conditions set forth in subparagraphs (a) through (g). Based upon our review, nothing in any of these paragraphs should be construed to cover the provision of a key component in the production of a specific product. The provision of a good, such as fertilized queen bees, involved in the production of honey, cannot be considered to be research (subparagraph a), pest and disease control (subparagraph b), training (subparagraph c), extension and advisory services (subparagraph d), inspection services (subparagraph e), marketing and promotion services

(subparagraph f), or infrastructural services (subparagraph g). Accordingly, we preliminarily determine that the provision of fertilized queen bees cannot meet the green box requirements set forth in Annex 2, and we have analyzed whether the provision of queen bees is countervailable under the countervailing duty statute.

The provision of fertilized queen bees under PROAPI is specific to the honey industry pursuant to section 771(5A)(D)(iii) of the Act. The provision of fertilized queen bees provides honey producers with a financial contribution through the provision of goods and services under section 771(5)(D)(iii) of the Act.

As noted above, section 771(5)(E) of the Act provides that in the case of goods or services provided, a benefit is conferred where such goods and services are provided for less than adequate remuneration. The GOA did not provide information related to what factors affect market prices for fertilized queen bees, and how such factors apply to PROAPI's fertilized queen bees. However, the GOA did provide what are described as market prices in Argentina for fertilized queen bees. Since the average of the market prices reported by the GOA is higher than the price charged by PROAPI for fertilized queen bees, we preliminarily determine that the fertilized queen bees are sold by PROAPI for less than adequate remuneration in accordance with section 771(5)(E)(iv) of the Act. We calculated the benefit by subtracting the price PROAPI charged for its queen bees from the average market price. We divided this amount by the value of honey production in Argentina during the POI. We preliminarily determine the countervailable subsidy for this component of the PROAPI program to be 0.004 percent ad valorem.

B. Provincial Government Programs

1. Buenos Aires Honey Program

In 1996, the Province of Buenos Aires created the Buenos Aires (Bonaerense) Honey Program. The purpose of this program is to increase provincial honey production, and improve production efficiency and quality within the province's honey sector. Through the program, the Banco de la Provincia de Buenos Aires (Banco Provincia), a bank owned by the Province of Buenos Aires, provides two types of credit lines to honey producers in the province: the Line of Credit for Working Capital; and the Line of Credit for the Acquisition of Capital Goods. Eligibility for both credit lines requires honey producers to be

registered in the Province's Registry of Honey Producers.

a. *Line of Credit for Working Capital.* The Line of Credit for Working Capital enables beekeepers to finance their operating expenses. There are two elements of this line of credit. The first element offers US\$15.00 per active producing beehive with no limit on the number of beehives. The term for repayment of the loan may not exceed nine months from the date of the loan. The principal and accrued interest are payable at the expiration of the repayment term. This line of credit also allows pre-production cash advances for the purpose of acquiring inert material for beehives. Financing in this case is limited to 50 percent of the value of the assets to be acquired, not exceeding US\$30 per beehive. Repayment for cash advances must be made within 90 days of the date of the disbursement. The interest rates applied to this element are variable.

The second element of this line of credit provides that, if applicants demonstrate that the honey is for exportation, they can receive a lower interest rate. To receive the lower interest rate, beekeepers must submit a commitment letter stating that the honey obtained from the beehives for which financing is requested has been sold for export, and a letter issued by the purchaser of the honey indicating that it was acquired for export purposes. Loans under the first element of this line of credit for working capital are *de jure* specific under section 771(5A)(D)(i) of the Act because they are limited to honey producers. Loans under the second element constitute export subsidies under section 771(5A)(B) because receipt of the lower interest rate is contingent upon exportation. For both elements of this line of credit, a financial contribution is conferred in the transfer of funds through loans, under section 771(5)(D)(i) of the Act.

To determine whether there is a benefit, we compared the interest rate charged on loans provided under this program to the commercial interest rates for loans that most closely resemble loans under this program. Based on this comparison, there is a difference in 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. Thus, this line of credit provides a benefit under section 771(5)(E)(ii) of the Act.

To determine the benefit for those loans provided for exports, we multiplied the loan balance outstanding during the POI by the difference between the interest rate and the

benchmark, and the number of days outstanding during the POI. We divided this amount by the value of honey exports from Buenos Aires. To determine the final subsidy that is attributable to exports of honey to the United States from this provincial program, we weight-averaged the subsidy from this program by multiplying the subsidy by the Province of Buenos Aires' share of total honey exports to the United States during the POI. We thus preliminarily determine the countervailable subsidy from this line of credit to be 0.002 percent *ad valorem*.

To determine the benefit from all other loans under the honey-specific element of this line of credit, we multiplied the balance outstanding during the POI by the difference between the interest rate and the benchmark, and the number of days outstanding during the POI. We divided this amount by the value of honey production in Buenos Aires during the POI, and then weight-averaged this rate by multiplying it by Buenos Aires' share of total exports of honey to the United States. We thus preliminarily determine the countervailable subsidy from this line of credit to be 0.012 percent *ad valorem*.

b. *Line of Credit for the Acquisition of Capital Goods.* The Line of Credit for the Acquisition of Capital Goods under the Buenos Aires Honey Program extends a line of credit for the acquisition of capital goods to beekeepers in the Province of Buenos Aires. This line of credit was implemented by the Banco Provincia through Circular "A" No. 13,854 in July 1997, pursuant to an agreement between the Banco Provincia and Banco de Inversion y Comercio Exterior S.A. (BICE), and utilizes funding provided through the BICE Norms 006 and 006/1. The BICE is a GOA entity which functions as a "second-tier" bank, lending money to other banks (both commercial and other government-owned or controlled banks) for the purpose of implementing government lending programs.

Beekeepers are able to finance the acquisition of capital goods and are eligible to receive financing for the acquisition of beehives, new nuclei, inert material, extraction and processing material, among other goods. Applicants must provide a technical-economic proposal to the Provincial Ministry of Agriculture, and must meet the standard requirements of creditworthiness of the Banco Provincia. Financing for this line of credit carries a maximum repayment term of five years. Interest and principal payments are scheduled annually or

semiannually based on the seasonality of honey production. Interest rates are variable and are calculated based upon LIBOR, plus a spread imposed by the BICE and a spread added by the Banco Provincia. The spreads given by both the BICE and Banco Provincia vary depending upon the repayment schedule of the loan.

Because financing under this program is limited to honey producers, it is *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act. Furthermore, a financial contribution is conferred in the transfer of funds through loans, consistent under section 771(5)(D)(i) of the Act. To determine whether there is a benefit, we compared the interest rate charged on loans provided under this program to the commercial interest rates for loans that most closely resemble loans under this program. Based on this comparison, there is a difference in 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. Thus, this line of credit provides a benefit, under section 771(5)(E)(ii) of the Act.

To calculate the benefit, we have multiplied the outstanding loan balance during the POI by the difference between the interest rate charged under the program and the benchmark interest rate. We then divided this amount by the value of honey production in Buenos Aires during the POI. To determine the final subsidy that is attributable to exports of honey to the United States from this provincial program, we weight-averaged the subsidy from this program by multiplying the subsidy by the Province of Buenos Aires' share of total honey export to the United States during the POI. We thus preliminarily determine the countervailable subsidy from this line of credit to be 0.117 percent *ad valorem*.

2. Entre Rios Honey Program: Law No. 7435/84

The Entre Rios Honey Program is a provincial honey development program originally established in 1984. As detailed in Law No. 7435/84, the program was designed to provide a wide range of services and support for promoting honey production in the province. However, according to the GOA, the only function performed by the Government of Entre Rios (GER) pursuant to Law No. 7435/84 is that it puts on presentations and exhibitions related to beekeeping activities throughout the province. The GOA provided a list of all such presentations

and exhibitions put on during the POI, along with an estimate of the average costs and expenses incurred by the GER in preparation of these events. According to the GOA, such events are open to the public, free of charge. There are no records of attendance at these events.

The Entre Rios Honey Program is de jure specific pursuant to section 771(5A)(D)(iii) of the Act because it is expressly limited in the law to the honey industry. It provides honey producers with a financial contribution through the provision of services under section 771(5)(D)(iii) of the Act.

Section 771(5)(E) of the Act provides that in the case of goods or services, a benefit is conferred where such goods and services are provided for less than adequate remuneration. The adequacy of such remuneration is determined in relation to prevailing market conditions for the goods or services in the country which is subject to the investigation. Prevailing market conditions include price, quantity, availability, and other conditions of purchase. We preliminarily determine that the provision of services under the Entre Rios Honey Program conferred a benefit to honey producers during the POI under section 771(5)(E)(iv) of the Act because all services were provided free of charge.

Because these exhibitions and presentations were provided free of charge, and because there are no other providers of similar services, there is no basis on which we can measure the benefit from the free provision of these services using a market-determined price. Therefore, for purposes of this preliminary determination, we are using the total of the costs incurred by the GER in preparation of the aforementioned exhibitions and presentations during the POI to determine the benefit.

To calculate the subsidy, we divided the costs incurred during the POI by the total value of honey production in Entre Rios during the POI. To determine the final subsidy that is attributable to exports of honey to the United States from this provincial program, we weight-averaged the subsidy from this program by multiplying the subsidy by the Province of Entre Rios's share of total honey exports to the United States during the POI. We thus preliminarily determine the countervailable subsidy from this line of credit to be less than 0.001 percent ad valorem.

3. Province of Chaco Line of Credit Earmarked for the Honey Sector

According to the questionnaire responses, the Ministry of Production in

the province of Chaco, through Provincial Law No. 4320, issued Decree No. 2076/96 in December 1996, establishing an emergency line of credit following a natural disaster that affected the agricultural production of the province. Through this decree, the Ministry allocated a total of 830,000 pesos specifically to assist the affected beekeeping sector. Financing is provided by the Nuevo Banco del Chaco S.A. (Chaco Bank), acting as an agent of the Government of Chaco Province. Terms and conditions for this line of credit are in accordance with Resolution No. 196/96. To be eligible for this line of credit, beekeepers must have no outstanding debt with the Provincial Government. Each producer can receive a maximum of 10,000 pesos and the principal is repayable in four equal annual installments following a two-year grace period (interest is payable during the grace period). Funding is utilized for the purpose of acquiring capital goods for beekeeping activity. The interest rate is 12 percent plus applicable taxes. Qualified candidates for this line of credit are also subject to a 1.5 percent bank commission over the principal and a 2 percent commission to cover administrative expenses related to the loan. Additionally, in September 1999, 450,000 pesos was allocated under this program in accordance with Resolution No. 253/99, and offered under the same loan terms and conditions as described above.

Because this line of credit was created specifically to assist the beekeeping sector of the Province of Chaco, we preliminarily determine that it does not meet the provision of the regulations under which disaster relief is not countervailable. *See* 19 CFR 351.502(f). Because it is only available to beekeepers, we preliminarily determine that it is de jure specific in accordance to section 771(5A)(D)(i) of the Act. This line of credit provides a financial contribution because it is a transfer of funds in the form of loans within the meaning of section 771(5)(D)(i) of the Act. To determine whether there is a benefit, we compared the interest rate charged on loans provided under this program to the commercial interest rates for loans that most closely resemble loans under this program. Because these are long-term loans, we selected from information provided by the GOA a long-term benchmark from 1996 to apply to the 1996 tranche and a long-term benchmark from 1999 to apply to the 1999 tranche. Based on this comparison, there is a difference in the amount the recipient of the loan pays on the loan and the amount the recipient

would have paid on a comparable commercial loan that the recipient could have actually obtained on the market. Thus, this line of credit is providing a benefit, under section 771(5)(E)(ii) of the Act.

For the loans granted pursuant to both the 1996 and 1999 Decrees, the GOA provided information about actual loans granted but did not indicate the actual principal outstanding during the POI. Thus, we are assuming that the entire principal was outstanding during the POI.

We determined the difference between the program interest rate and the benchmark interest rate and multiplied the differential by the loan principal outstanding during 1999. We have added the benefits from both tranches of loans and divided that amount by total Argentine honey production during the POI. (*See* "Denominator Issues" section above.) We thus preliminarily determine the countervailable subsidy from this line of credit to be 0.029 percent ad valorem.

4. Province of San Luis Honey Development Program

The San Luis Honey Development Program was created in 1990 by the Ministry of Social Development of the Province of San Luis. The purpose of the program is to promote honey production in underdeveloped geographic areas and to provide training to the citizens of San Luis on beekeeping activity. Eligibility for this program targets unemployed and underemployed people with little income, and with no access to credit. The program provides assistance in two forms: leasing agreements, and financing through several types of credit lines.

a. Leasing Agreements. When the leasing agreement program was created, it was carried out in two different stages each governed by a contract for rental of hives. The first stage was implemented by forming 10 groups of 10 people, all of whom received training. Each group received 10 beehives and colonies for five years. In addition, each group received equipment for the extraction of the honey produced. Repayment for the extraction equipment and beehives was made to the Bank of San Luis. The repayment terms for the beehives included 24 installments over a period of eight years, with a one-year grace period. Repayment terms for the extraction equipment involved two consecutive equal annual installments. The second stage of the program involved forming groups of 10 to 15 people, each of which received 150 beehives and 50 colonies. The

repayment terms for this element of the program required 15 quarterly payments over the course of five years, with a one-year grace period.

Because this program is only available to the honey industry in the Province of San Luis, we preliminarily determine that under section 771(5A)(D)(i) of the Act, the leasing agreement section of the San Luis Honey Development Program is *de jure* specific. While the participants in this program are required to repay the cost of the materials provided to them, there is no interest component involved. Although the activity under this program is described as leasing, it appears that companies simply receive the goods directly from the supplier and pay for them over time rather than borrowing money from a third party. However, they paid no interest even though they are allowed to pay for the goods over five years. Thus, this program essentially operates as an interest-free loan. As such, this program provides a financial contribution within the meaning of section 771(5)(D)(i) of the Act and it provides a benefit within the meaning of section 771(5)(E)(ii) because no interest is charged. The GOA did not provide any information on the value of the materials provided under the leasing agreement but did report the funding allocated for this program for each year since its inception in 1994. Thus, we are assuming that the total funding allocated was actually used. We calculated the benefit by treating each annual funding allocation as an interest-free loan. We estimated the loan balance outstanding during the POI by assuming equal annual principal payments, accounting for the grace period on principal repayment, and subtracting them from the total loan principal for each year the loan was outstanding. We selected as our benchmark a long-term interest rate for each of the years funding was allocated. Since the loans are interest-free, we multiplied the outstanding principal by the benchmark.

We summed the benefits provided by each year's loan, and divided that amount by the value of total Argentine honey production during the POI. (See "Denominator Issues" section above.) We thus preliminarily determine the countervailable subsidy from this line of credit to be 0.389 percent *ad valorem*.

b. *CFI Lines of Credit Provided Through the Banco de San Luis.* In addition to the leasing agreements provided under the San Luis Honey Development Program, there are multiple lines of credit made available through the Banco de San Luis within the framework of the Federal Investment Board (Consejo de Inversiones; CFI)

Credit for Small Business Ventures program. (See discussion of "Credit for Small Business Ventures" below). The CFI established four lines of credit available to the beekeepers of the province, identified as Lines 600, 700, 900, and 950. Because these CFI lines of credit are made available only to the honey industry in the Province of San Luis, we preliminarily determine that under section 771(5A)(D)(i) of the Act, these CFI lines of credit are *de jure* specific. These lines of credit provide a financial contribution because they are transfers of funds from the GOA in the form of loans within the meaning of section 771(5)(D)(i) of the Act. To determine whether there is a benefit, we compared the interest rate charged on loans under each line of credit to a benchmark interest rate. Based on this comparison, there is a difference in the amount the recipient 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. Thus, these lines of credit provide a benefit under section 771(5)(E)(ii) of the Act. The specifics of the four lines of credit are discussed below.

Funding under Lines of Credit 600 and 700 was available with a nine percent interest rate and with a repayment term of either two and a half years or four and a half years depending on the purpose of the loan. These two lines of credit were terminated in 1994 and 1995, respectively. The GOA has provided information for each loan granted under these two credit lines. However, the GOA did not provide any information, in response to our requests, about the principal balance outstanding during the POI. Thus, we have assumed that all loans were for a four and a half year term and made in 1995, and thus, principal remains outstanding during the POI. We estimated the loan balance outstanding during the POI by assuming equal annual principal payments, accounting for the grace period on principal repayment, and subtracting them from the total loan principal for each year the loan was outstanding. We selected as our benchmark a long-term interest rate for each of the years funding was allocated. Since the loans are long-term, we multiplied the outstanding principal by the difference between the benchmark and the loan interest rate to determine the benefit during the POI from Lines of Credit 600 and 700.

CFI Line of Credit 900 is another line of credit that is extended to the beekeepers in the Province of San Luis. Funding under this line of credit is also available with a nine percent interest

rate and with a repayment term of either two and a half years or four and a half years depending on the purpose of the loan. This line of credit was terminated in 1997. However, documentation provided by the GOA demonstrates that loan balances for this line of credit were still outstanding during the POI.

CFI line of credit 950 has not been terminated and credit is still being extended to beekeepers within the Province. There are two elements to this line of credit. Under the first element, beekeepers with a minimum of 50 active beehives are eligible to receive funding. This line of credit provides loans for (1) the acquisition of beehives; (2) the construction of extraction chambers; (3) the construction of separation chambers; and, (4) the construction of plants for the production of material used for honey production. The maximum financing available depends upon the number of beehives per applicant. A beekeeper with 50 to 100 hives, can receive up to \$5,000; a beekeeper with more than 100 beehives can receive up to \$25,000. The repayment term for this line of credit is four and half years, with an 18-month grace period for the repayment of principal. The interest rate is 10 percent and the loan requires a guarantee in the form of a security interest or mortgage equal to 130 percent of the value of the acquired property. The total funding allocated for this line of credit is \$500,000.

The second element of Line of Credit 950 is designed both for active beekeepers, and for individuals with beekeeping experience who are willing to start up a beekeeping business. The amount of financing provided depends upon the purpose of the loan. Loans are provided up to \$25,000 for the acquisition of capital goods; up to \$10,000 for working capital; and up to \$2,000 for training. Repayment terms for this line of credit vary depending upon the purpose of the loan and the loans require a guarantee in the form of a security interest or mortgage equal to 130 percent of the value of the acquired property. The applicable interest rate is 9 percent. The total funding (both CFI and provincial funding) allocated under this line of credit total \$1,000,000.

The GOA reported that all loans provided under lines 900 and 950 were included in the loan information reported under the "Credit for Small Business Ventures" (CFI) program (See, "Programs Preliminarily Determined to be Not Countervailable" section below). Therefore, to determine the benefit from Lines of Credit 900 and 950, we have extracted from the CFI list those loans that were listed as being provided to San Luis. While the loan information

specifies the original amounts of all of the loans which were granted to San Luis that were outstanding during the POI, the data provided did not indicate the actual loan balances outstanding during the POI for the San Luis loans. Thus, as facts available, we are assuming that the entire loan balance was outstanding during the POI. However, all loans granted under line 950 were granted in 1999 and are therefore still in the grace period for repayment of both interest and principal. In accordance with § 351.505(b), benefits resulting from countervailable loans are considered to have been received in the year in which the firm otherwise would have had to make a payment on the comparable commercial loan. Since the repayment terms on long-term commercial loans would not likely differ significantly from repayment terms on these loans, and since the first payments of interest and principal would occur after the POI, we preliminarily determine that no benefits were received during the POI from the loans provided under line 950 during the POI. To calculate the benefit from line 900 loans, we multiplied the difference between the interest rate under the line of credit and the benchmark interest rate by the outstanding loan balance.

To determine the subsidy from these various lines of credit, we summed the benefits calculated for Lines of Credit 600, 700, and 900 and divided that sum by the value of total Argentine honey production during the POI. (See "Denominator Issues" section above.) We thus preliminarily determine the countervailable subsidy from these lines of credit to be 0.055 percent ad valorem.

II. Programs Preliminarily Determined to be Not Countervailable

A. Federal Programs

1. BNA Line of Credit for Working Capital and Investment Purposes

According to the questionnaire responses, the BNA offers a line of credit to businesses for working capital and investment purposes. In our notice of initiation, we identified this program as Law 24,467 Preferential Lines of Credit for Working Capital Purposes. As reported in the questionnaire response, the BNA Line of Credit for Working Capital and Investment Purposes was established under BNA's own authority. (See discussion of alleged Law 24,467 programs under the "BNA Pre-Financing of Exports Regime for the Agricultural Sector" above).

This line of credit is offered to businesses in all economic sectors in Argentina, and to agricultural and

livestock producers associated with agricultural cooperatives. The actual interest rate varies according to the transaction, and the maximum length of the loan is five years.

We preliminarily determine that these lines of credit are not de jure specific within the meaning of section 771(5A) of the Act. Thus, we analyzed whether the actual use of these lines of credit gives rise to de facto specificity under section 771(5A)(D)(iii) of the Act. However, based on the information provided in the questionnaire responses, these credit lines were used by a broad range of borrowers, both within and outside the agricultural sector, and there is no apparent concentration of lending to any group of borrowers. Thus, there is no basis for concluding that benefits under this program are de facto specific to an enterprise, industry or group of enterprises or industries under section 771(5A) of the Act. As a result, we preliminarily determine that the lines of credit offered under the BNA Line of Credit for Working Capital and Investment Purposes are not countervailable subsidies under section 771(5) of the Act.

2. Global Credit Program for Micro and Small Businesses

According to the questionnaire responses, the GOA established the Global Credit Program for Micro and Small Businesses to provide assistance to small businesses. In our notice of initiation, we identified this program as Law 24,467 Global Credit Program. As reported in the questionnaire response, the Global Credit Program for Micro and Small Businesses was established pursuant to an GOA/IDB agreement. (See discussion of alleged Law 24,467 programs under the "BNA Pre-Financing of Exports Regime for the Agricultural Sector" above).

The Global Credit Program for Micro and Small Businesses is administered by the Ministerio de Economía y Obras y Servicios Públicos (The Ministry of Economy and Public Services or MECON) through the Secretaria de la Pequeña y Mediana Empresa (the Argentine Small Business Administration or the SEPyme). The SEPyme was established in 1992 to serve new and existing micro- and small businesses involved in primary or industrial production, or services. The goals of the program are to increase the access of micro- and small businesses to credit and technical assistance in an attempt to raise employment and income levels through increased productivity, and to develop and strengthen the technical support groups

that supply training, technical assistance and other services to micro- and small businesses.

The GOA reported that the Global Credit Program for Micro and Small Businesses is funded entirely by the IDB and is administered by the Argentine Ministry of Economy. However, information provided in the GOA's exhibits suggests that this program is only partially funded by the IDB, with the balance of funding provided by the GOA. While eligibility for this program is limited to small and micro-enterprise companies involved in primary or industrial production, trade or the service sector in Argentina, in accordance with section 351.502(e) of the Department's regulations, a subsidy is not specific solely because the subsidy is limited to small firms or small and medium-sized firms. As such, we preliminarily determine that this program is not de jure specific. We analyzed whether the actual use of these lines of credit gives rise to de facto specificity under section 771(5A)(D)(iii) of the Act. Based on information submitted in the questionnaire responses, these credit lines were used by a broad range of borrowers and there is no apparent concentration of lending to any category of borrowers. Thus, there is no basis for concluding that benefits under this program are de facto specific to an enterprise, industry or group of enterprises or industries within the meaning of section 771(5A)(D)(iii) of the Act. As a result, we preliminarily determine that the lines of credit offered under the Global Credit Program for Micro and Small Businesses are not countervailable subsidies within the meaning of section 771(5) of the Act.

3. Credit for Small Business Ventures

According to the questionnaire responses, the GOA established the Credit for Small Business Ventures program to provide assistance to small businesses. In our notice of initiation, this program was identified as Law 24,467 Credit for Small Business Establishments. As reported in the questionnaire response, the Credit for Small Business Ventures program was established pursuant to Annex B to Circular BNA No. 10,111/1. (See discussion of alleged Law 24,467 programs under the "BNA Pre-Financing of Exports Regime for the Agricultural Sector" above).

The Federal Investment Board (CFI) administers the Credit for Small Business Ventures (Creditos para Microemprendimientos) program. The CFI is a government agency created through an agreement between Argentina's provinces, the municipality

of Buenos Aires, and the National Territory of Tierra del Fuego, Antarctic, and the Islands of the South Atlantic. The CFI program has as its objective promoting the development of small business ventures through the financing of economically viable projects designed to increase productivity, increase employment, and improve income distribution. Eligibility for this program is limited to applicants whose net worth does not exceed US\$200,000 and who are planning economically viable projects designed to increase production and generally improve the welfare of the population. The CFI can finance up to 100 percent of the investment for acquisition of capital goods, working capital, and training. For capital goods, the CFI will authorize financing up to US\$50,000, up to US\$20,000 for working capital, and up to US\$4,000 for training. The CFI will not authorize a combined sum for all three categories exceeding US\$50,000. The repayment term for capital goods financing is up to four and one half years and the repayment term for working capital financing is up to two and one half years.

This financing is limited to small businesses, but under § 351.502(e) of the regulations, the Department will not regard a subsidy as being specifically provided solely because it is limited to small firms. However, even though this program cannot be considered *de jure* specific, we must analyze whether these lines of credit are *de facto* specific under section 771(5A)(D)(iii) of the Act. The GOA provided a list showing the distribution, by industry, of all lending provided under this program from 1992 through 1999. A number of agricultural industries, as well as numerous non-agricultural industries received CFI loans. Moreover, based on the information provided, no industry appears to be a predominant user of the program, or to have received a disproportionately large share of the subsidy. However, as discussed above in the section on the "San Luis Honey Development Program," based on the information provided, it appears that some CFI funds are funneled through provincial authorities, including government-owned provincial banks. Where the information provided in the response indicated that CFI funds were allotted to provinces or provincial banks, and either the CFI designated that a line of credit was to be provided to a specific industry within the province, or the province decided how to expend those funds within the province, we have conducted a separate analysis of whether such loans—funded

by the CFI, but for which recipients within the province are expressly designated by either the CFI or the province—are specific (See, "San Luis Honey Development Program" above). Except for those CFI loans for which the lending decision appears to be controlled by a provincial government or for which the CFI appears to have designated a specific group of recipients within the province, we preliminarily determine that CFI loans are not provided on either a *de jure* or *de facto* basis to a specific enterprise or industry or group thereof, and are, therefore, not countervailable.

4. National Income Tax Exemption Pursuant to Article 20(1) of Law 20,628

Based on our review of the questionnaire responses on this program, we preliminarily determine that this income tax program is the same program which was found not countervailable in *Carbon Steel Wire Rod from Argentina; Suspension of Investigation*, 47 FR 42393. As such, we preliminarily determine that this program is not countervailable.

5. Law 22,913 Emergency Aid/ Emergency Agricultural and Livestock Law

In 1983, Law 22,913 established an agricultural disaster relief program administered by the National Commission on Agricultural Emergencies (CNEA). The purpose of the program is to provide financial, tax and transportation relief to areas designated to be in a state of emergency or state of disaster. When there is a natural or weather-related disaster, provincial authorities can declare a state of emergency or state of disaster and present information related to the emergency or disaster to the CNEA. After reviewing the information, the CNEA makes a recommendation to the Ministry of Economy regarding whether to issue a national decree. Article 5(a) of Law 22,913, states that the CNEA can declare an agricultural emergency or disaster when "weather related, telluric, biological or physical factors . . . unforeseeable or inevitable" seriously impedes the agricultural production or the capacity to produce in a region.

Any agricultural and livestock producer is eligible for emergency aid when its province is certified as an emergency or a disaster area. Producers who experience a loss of at least 50 percent of production capacity are eligible to receive benefits for emergency relief. Producers with a minimum loss of 80 percent receive disaster relief. Assistance under this program is provided in the form of loans

at preferential rates and tax benefits. Beneficiaries can receive a deferral of taxes owed, an exemption from taxes owed, and deductions from earnings from forced sales. According to the GOA, the most common form of tax relief given is tax deferrals. In addition, an affected agricultural producer who receives a certificate from the provincial authority after an emergency has been formally declared can receive loans at preferential rates from the BNA.

We preliminarily determine that Law 22,913 is not a countervailable subsidy in accordance with Department's regulations. According to section 531.502(f) of the regulations, the Department will not find disaster relief countervailable when "such relief constitutes general assistance available to anyone in the area affected by the disaster." The GOA has provided information that its emergency/disaster aid is provided in this manner. The GOA claimed that Law 22,913 was entitled to green box treatment and was therefore not countervailable. However, because we preliminarily determine that this program is not a countervailable subsidy under section 351.502(f), we do not need to examine the GOA's green box claim.

B. Provincial Government Program

Exemption from Municipal Gross Income Tax Contingent on Export Activity Pursuant to Article 116(12) of Law 150 (Buenos Aires Gross Income Tax Exemption)

Article 109 of Law 150 (the Buenos Aires Tax Code), provides that a levy on gross income will be imposed upon each transaction of commerce, industry, professional services, or any other business activity which occurs in the City of Buenos Aires. The GOA reported that the gross income tax is an indirect tax levied on each transaction which constitutes the taxpayer's revenue stream. The GOA states that the gross income tax on sales of bulk and processed honey occurring within the City of Buenos Aires is 1.5 percent.

Article 116(12) of the Buenos Aires Tax Code provides that revenue obtained from exports is exempt from the application of the local gross income tax. The City of Buenos Aires exempted export revenues from this indirect tax in order to prevent the tax from increasing the export price of Argentine products. The GOA states that "rather than require payment and then pay a rebate," the exemption "arises automatically upon completion of the tax forms by the exporter, who simply applies zero tax rate to revenues obtained from all export transactions." The GOA contends that

the exporter must provide copies of documentation related to the export sales *e.g.*, commercial invoice, bill of lading, etc., in order to enable the local tax authorities to verify that a specific transaction is entitled to an exemption.

Section 351.517(a) of the Department's regulations states that in the case of an exemption upon export of indirect taxes, a benefit exists only to the extent that the Department determines that the amount exempted "exceeds the amount levied with respect to the production and distribution of like products when sold for domestic consumption." Information on the record of this review indicates that gross income tax is an indirect tax levied on business transactions for export and that the amount exempted by the Buenos Aires Gross Income Tax Exemption does not exceed the amount levied with respect to the production and distribution of like products when sold for domestic consumption. Therefore, the Department preliminarily determines that, for purposes of this investigation, the Buenos Aires Gross Income Tax Exemption does not confer a countervailable benefit. We note that if we had found the Reintegro to be not countervailable (see section on "Reintegro" in "Programs Preliminarily Determined to be Countervailable," above), this exemption from a final stage indirect tax would need to be reexamined to ensure that exporters in the city of Buenos Aires were not receiving both a rebate of these same indirect taxes under the Reintegro program (which includes a rebate of both prior stage and final stage indirect taxes upon export) as well as an exemption of these indirect taxes upon export.

III. Programs Preliminarily Determined to be Not Used

A. Federal Programs

3. BICE Norm 011: Financing of Production of Goods Destined for Export

According to the questionnaire responses, the GOA established the BICE Norm 011 program to provide assistance to small businesses. In our notice of initiation, we identified this program as Law 24,467 Short-Term Financing, Including Pre-Financing of Export Sales. As reported in the questionnaire response, this type of financing is provided by the BICE. (See discussion of alleged Law 24,467 programs under the "BNA Pre-Financing of Exports Regime for the Agricultural Sector" above).

Through Norm 011, the BICE offers a line of credit which finances the production of goods destined for export

as well as the transformation, modernization, repair or assembly of goods imported under the temporary import regime. As a second-tier bank, the BICE offers this credit line to the "Participating Agents" (the first-tier banks) which the BICE considers eligible to participate. BICE determines the interest rate that it will charge to the Participating Agent. The interest rate ultimately charged to the borrower will be determined by the participating agent. Financing is available for up to 90 percent of the FOB value of either the exported goods, or the value of goods imported under the temporary import regime. Generally this line of credit is limited to projects that require a minimum investment of \$20,000 and a maximum of \$5 million. However, the BICE may consider financing requests for amounts outside of this.

The GOA reported that the BICE did not grant any loans through this line of credit to honey producers or exporters that were outstanding during the POI. Therefore, we preliminarily determine that this program is not used.

2. BNA Line of Credit to the Agricultural Producers of the Patagonia (Regulation Annex to Circular BNA No. 10,111/1)

According to the questionnaire responses, the GOA established the BNA Line of Credit to the Agricultural Producers of the Patagonia to provide assistance to agricultural producers in the Patagonian region of Argentina. In our notice of initiation, we identified this program as Law 24,467 Preferential Line of Credit to Increase Agricultural and Agro-Industrial Production in the Southern Argentine Provinces. As reported in the questionnaire response, the BNA Line of Credit to the Agricultural Producers of the Patagonia was established pursuant to Regulation Annex to Circular BNA No. 10,111/1. (See discussion of alleged Law 24,467 programs under the "BNA Pre-Financing of Exports Regime for the Agricultural Sector" above).

The BNA offers a line of credit to the agricultural producers in the Patagonian region (the provinces of Rio Negro, Neuquen, Chubut, Santa Cruz, Tierra del Fuego, Antarctica, and the islands of the South Atlantic) to promote and finance investments oriented to diversifying production activities in eligible provinces. This line of credit is limited to those producers who had previously obtained loans pursuant to the credit line "Supervised Loans for the Agricultural and Agro-Industrial Production" that was implemented by the Board of Directors of the BNA in May 1992. These producers are eligible

to benefit from the new BNA line of credit as long as they have not refinanced their prior loans, and have fulfilled their investment plans and obligations pursuant to their prior loan agreements. According to the questionnaire responses, honey producers and exporters are not among those eligible to receive this financing. As a result, we preliminarily determine this program to be not used during the POI.

3. "Production Pole" Program for Honey Producers

According to the questionnaire responses, the GOA established the "Production Poles" program to provide assistance to small businesses pursuant to Decree 1304/94. The Production Poles program was created in order to integrate different producers and manufacturers of each of the production sectors in the Argentine provinces. The program attempts to stimulate business initiatives with the ultimate purpose of enhancing the quality of the regional producers and increasing their products' marketability. Businesses interested in participating in a production pole enter into an agreement with the National and Provincial Government and the respective municipality. The administering authority provides technical advice, grants for capital goods and working capital.

According to the GOA, there is one production pole that benefitted the honey sector and it was established prior to the enactment of Decree 1304/94. However, pursuant to section 5 of Decree 1304/94, certain groups that had entered into agreements similar to those under the Production Pole program are eligible for benefits under Decree 1304/94. A preexisting honey production pole in the municipality of Castelli, Chaco Province (Castelli Honey Production Pole), is one of the groups that qualified under section 5 of Decree 1304/94.

The GOA has stated that the Castelli Honey Production Pole only received grants under this program during 1994. These were grants for working capital and grants for the acquisition of capital equipment. Such grants are treated as non-recurring and are allocated over time, provided they do not meet the exception outlined in § 351.524(b)(2) of the regulations, i.e., the grant amount is not greater than 0.5 percent of total sales in the year of receipt. Because this program is federally-administered, the appropriate denominator for conducting the 0.5 percent test is the value of Argentine production (as a proxy for sales) in the year the grants were approved. Since we do not have that information on the record, we used as

our denominator the value of Argentine honey production during 1999. The grants under the "Production Poles" program are significantly less than 0.5 percent and therefore would be expensed in the year of receipt, 1994. Therefore, we preliminarily determine that the Production Pole for Honey program was not used by producers or exporters of honey to the United States during the POI.

4. Enterprise Restructuring Program (PRE)

According to the questionnaire responses, the GOA established the Enterprise Restructuring Program (PRE) to provide assistance to small and medium-sized businesses. In our notice of initiation, we identified this program as Law 24,467 Enterprise Restructuring Program (PRE). As reported in the questionnaire response, the Enterprise Restructuring Program was established by the GOA with IDB funds. (See discussion of alleged Law 24,467 programs under the "BNA Pre-Financing of Exports Regime for the Agricultural Sector" above).

The Secretary for Small and Medium-Sized Enterprises administers the PRE which was established in 1997 by the Government of Argentina. The purpose of the program is to assist small and medium-sized businesses in increasing administrative and technical capacity with the aim of increasing competitiveness. Companies receive direct support, information gathering (through a business information system (BIS) made available nationwide), and business re-orientation support. The PRE program also makes management consultants available to small and medium-sized businesses.

The PRE is available to any Argentine small and medium-sized enterprise that meets PRE qualifications, possesses a tax identification number, and whose imported products do not represent more than 25 percent of its sales. Grants, or non-disbursed contributions, under this program are not limited to any sector or any geographic region. Although funding is still provided by the IDB, the PRE relies upon contributions from the national budgetary process and the private sector to cover its overhead costs. The size of PRE grants vary based upon need as assessed by each consultant.

According to the GOA, the honey sector has preliminarily been approved for 12 projects under the PRE. A listing of all approved grants has been provided by the GOA. Only one honey project has received a grant from the PRE, and the GOA reported that no disbursements were made before March

2000. Because no disbursements were made under the PRE program until after the POI, we preliminarily determine that this program was not used by honey producers or exporters during the POI.

5. Government Backed Loan Guarantees (SGR)

Under Law 24,467, the GOA established the Reciprocal Guarantee Company (SGR). The SGR is essentially a new type of legal entity under Argentine corporate law which can be formed for the specific purpose of reducing the credit risks confronting small and medium-sized businesses. While several GOA agencies have regulatory authority over the SGRs, none of them has direct administrative authority over them. The SGRs are private companies consisting of small and medium-sized enterprises and large companies and banks that join together for the purpose of minimizing the credit risks facing the small and medium-sized companies who are part of the SGR. The purpose of the SGR is to issue certificates of guarantee to the small and medium-sized business members of the SGR so that those companies have greater access to sources of financing. There have been only five SGRs organized under Law 24,467, none of which involve honey producers or exporters. Accordingly, we preliminarily determine that this program was not used during the POI.

B. Provincial Government Programs

1. Province of Chubut Honey Program under Law No. 4430/98

Law No. 4430/98 was promulgated in 1998 to provide support to the provincial honey industry, instructing executive government agencies to implement programs to develop honey production, standardization, processing, industrialization, marketing, use of products and byproducts, and to support and encourage research, experimentation and training geared toward the development and use of apian byproducts. According to the questionnaire responses, Law No. 4430/98 has not yet been wholly implemented. The only portion of Law No. 4430/98 which has been implemented is Article 5.9, which authorizes measures necessary for the opening of lines of credit in official government and private regional banks, with promotional interest rates and loan structures in alignment with the goals of commercial and industrial honey production. Article 5.9 was implemented in 1999 via Decree 491. On March 24, 1999, and in accordance with the stated purposes of Law No.

4430/98, CORFO, the agency responsible for implementation of agricultural policy in Chubut, implemented Resolution 057/99, creating the Honey Activity Development Program to provide the credit lines approved under Decree 491. This program provides lines of credit for the acquisition of beehives, nuclei, work clothing, beekeeping material and equipment, and the purchasing of queen bees. Under this program, interest-free loans are provided for five-year terms, with repayments due annually and consecutively. The maximum loan amount authorized is 2,000 pesos.

According to the questionnaire responses, the first repayments of principal on loans issued under this program were not due until June 2000. In accordance with § 351.505(b), benefits resulting from countervailable loans are considered to have been received in the year in which the firm otherwise would have had to make a payment on the comparable commercial loan. Since the repayment terms on long-term commercial loans would not likely differ significantly from repayment terms on these loans, and since the first payments occurred in June 2000, after the POI, we preliminarily determine that no benefits were received from these loans during the POI.

2. Province of Santiago del Estero: Creditos de Confianza (Trust Credits)

In 1997, the Government of Santiago del Estero authorized the Trust Credits program. The program was administered by the Government of Santiago del Estero through the private sector entity Grupo Taxco S.A. The line of credit provided under this program is designed for low-income honey producers. A producer's beehives and profits earned from honey production comprise the collateral for the loans.

According to the GOA, none of the honey produced in Santiago del Estero was exported to the United States during the POI. Therefore, we preliminarily determine that this program did not benefit honey exports for the United States during the POI.

IV. Programs Preliminarily Determined to be Terminated

A. Federal Programs

1. PROMEX Consortium for Honey Exportation

The GOA's PROMEX export promotion program was created in 1990 through joint funding from the World Bank and the IDB. PROMEX provided export promotion assistance to small and medium-sized businesses.

According to the GOA, PROMEX was terminated in 1998, and the last grant provided under this program was distributed on September 15, 1997.

Export promotion assistance is normally treated as a recurring benefit. Since the last grant under this program was distributed in 1997, there are no residual benefits after the date of the grant distribution. Therefore, the termination of this program constitutes a program-wide change in accordance with § 351.526. We note that the GOA submitted a green box claim for this program, but since we have determined that it has been terminated, we do not address this issue.

2. Regional Promotional Scheme-Reimbursement "Patagonico": Exemption of Import Duties on Capital Goods

The GOA administered a regional promotion regime for provinces in the Patagonian region, including Rio Negro, Neuquen, Chubut, Santa Cruz, the National Territory of Tierra del Fuego, the Antarctic, the Falkland Islands, and part of the Patagonian region located in the Province of Buenos Aires. The program, implemented via Decree 2332/83, provided exemptions or deductions from import duties on capital goods utilized in certain industrial activities. The program was terminated as of December 31, 1983.

Even assuming that benefits provided under this program were non-recurring and should be allocated over the honey industry's 10-year AUL, there would be no benefits from this program allocable to the POI. Therefore, we determine that this program has been terminated in accordance with section 351.526 of the regulations.

V. Programs Preliminarily Determined Not to Exist

A. Federal Program

Honey-Specific Line-of-Credit Program for the Pre-Financing of Development Expenses Associated with Export Sales

The Honey-Specific Line-of-Credit Program for the Pre-Financing of Development Expenses Associated with Export Sales is, according to the questionnaire responses, the same as one of the lines of credit available under the Buenos Aires Honey Program. See the discussion of the section on "Buenos Aires Honey Program" above.

B. Provincial Government Programs

1. La Pampa Lines of Credit

In our notice of initiation, we identified a program as La Pampa Lines of Credit. According to the

questionnaire responses, the La Pampa Lines of Credit are the same lines of credit offered under the Federal Investment Board's (CFI's) "Credit for Small Business Ventures" program, discussed above.

2. Province of San Luis: Creditos de Confianza (Trust Credits)

According to the questionnaire responses, the Province of San Luis: Creditos de Confianza (Trust Credits) does not exist.

VI. Program For Which Additional Information Is Needed

Federal Program

BICE Norm 007: Line of Credit Offered to Finance Industrial Investment Projects, and Projects to Restructure and/or Modernize the Argentine Industry

According to the questionnaire responses, the GOA established the BICE Norm 007 program to provide assistance to small businesses. In our notice of initiation, we identified this program as Law 24,467 Investment-Expenditure Credits for Exports. As reported in the questionnaire response, the BICE Norm 007 program was established by the BICE. (See discussion of alleged Law 24,467 programs under the "BNA Pre-Financing of Exports Regime for the Agricultural Sector" above).

As noted above, BICE is a GOA entity which functions as a "second-tier" bank, lending money to other banks (both commercial and other government-owned or controlled banks) for the purpose of implementing government lending programs. The commercial banks then offer the credit to the borrower with substantially the same terms and conditions set forth in the regulations of the particular BICE line of credit, plus an additional spread for their services. These first-tier banks, or intervening financial entities (IFE's), are authorized by the Central Bank of Argentina as eligible to participate in BICE programs. For each loan application, the IFE will analyze the technical, economic and financial feasibility of the transactions and make the decision whether to assume the credit risk and make the loan to the ultimate borrower. If the IFE decides to extend the loan, the IFE presents the application to the BICE with all supporting documentation, and BICE will decide whether the transaction is eligible.

Through Norm 007, the BICE offers a line of credit to finance industrial investment projects, directed to both the production sector and the services

sector. Under this line of credit, financing is available for up to 90 percent of the total value of the eligible projects. A list of eligible projects is provided in section 2 of the BICE Norm 007; these projects include investment projects in the agricultural sector, involving the incorporation of machinery, equipment, and investment goods, and associated working capital. Generally, credit under this program is limited to projects that require a minimum investment of US \$100,000, and a maximum investment of US \$10 million. The financing is granted for a period of no more than 10 years, including a two-year grace period for the repayment of the principal, and interest rates are determined on a case-by-case basis.

In our notice of initiation, we identified this program as one providing export financing based on petitioner's allegation and the supporting documentation, which indicated that this financing was being provided to improve export capacity. The GOA has indicated that one of the first-tier banks which received funding through Norm 007, the BNA, used the funding to establish an export-related financing facility, as documented in the petition. The GOA has also indicated that BNA terminated this facility in 1997, and further, that no honey producers received such financing when the program was active.

However, the information related to the BNA export financing facility highlights the necessity of examining whether other first-tier banks have similarly established export financing facilities with Norm 007 funds. For purposes of this preliminary determination, we are not making a finding with respect to this program. We will seek additional information from the GOA prior to our verification and final determination.

Verification

In accordance with section 782(i)(1) of the Act, we will verify the information submitted by respondents prior to making our final determination.

Suspension of Liquidation

In accordance with sections 703(d)(1)(A)(ii) and 777A(e)(2)(B) of the Act, we calculated a single, country-wide rate for Argentina, applicable to all exporters and producers. The total estimated countervailable subsidy rate is 5.23 percent *ad valorem*. Because of a program-wide change, discussed above in the *Reintegró* section, we have calculated a cash deposit rate of estimated countervailing duties of 6.55 percent *ad valorem*.

In accordance with section 703(d)(1)(A)(ii) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of honey from Argentina, which are entered or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the **Federal Register**, and to require a cash deposit or bond for such entries of the merchandise in the amount listed above. This suspension of liquidation will remain in effect until further notice.

ITC Notification

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Assistant Secretary for Import Administration.

If our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

Public Comment

In accordance with 19 CFR 351.310, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on this preliminary determination. The hearing is tentatively scheduled to be held 57 days from the date of publication of the preliminary determination at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Individuals who wish to request a hearing must submit a written request within 30 days of the publication of this notice in the **Federal Register** to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Requests for a public hearing should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and, (3) to the extent practicable, an identification of the arguments to be raised at the hearing. In addition, unless otherwise informed by the Department, six copies of the business proprietary version and six copies of the non-proprietary version of

the case briefs must be submitted to the Assistant Secretary no later than 50 days from the date of publication of the preliminary determination. As part of the case brief, parties are encouraged to provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited. Six copies of the business proprietary version and six copies of the non-proprietary version of the rebuttal briefs must be submitted to the Assistant Secretary no later than 5 days from the date of filing of the case briefs. An interested party may make an affirmative presentation only on arguments included in that party's case or rebuttal briefs. Written arguments should be submitted in accordance with 19 CFR 351.309 and will be considered if received within the time limits specified above.

This determination is published pursuant to sections 703(f) and 777(i) of the Act. Effective January 20, 2001, Bernard T. Carreau is fulfilling the duties of the Assistant Secretary for Import Administration.

Dated: March 5, 2001.

Bernard T. Carreau,

Deputy Assistant Secretary, Import Administration.

[FR Doc. 01-6223 Filed 3-12-01; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-421-805]

Revocation of Antidumping Duty Order on Aramid Fiber Formed of Poly Para-Phenylene Terephthalamide From the Netherlands

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of revocation of antidumping duty order on aramid fiber formed of poly para-phenylene terephthalamide from the Netherlands

SUMMARY: Pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"), the United States International Trade Commission ("the Commission") determined that revocation of the antidumping duty order on aramid fiber formed of poly para-phenylene terephthalamide ("Aramid Fiber") from the Netherlands is not likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time, 66 FR 12810 (February 28, 2001). Therefore, pursuant to section 751(d)(2) of the Act and 19 CFR 351.222(i)(1), the

Department of Commerce ("the Department") is revoking the antidumping duty order on aramid fiber from the Netherlands. Pursuant to section 751(c)(6)(A)(iv) of the Act and 19 CFR 351.222(i)(2)(ii) the effective date of revocation is January 1, 2000.

FOR FURTHER INFORMATION CONTACT:

Martha V. Douthit or James P. Maeder, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Ave., NW, Washington, DC 20230; telephone: (202) 482-5050 or (202) 482-3330, respectively.

EFFECTIVE DATE: January 1, 2000.

Background

On December 1, 1999, the Department initiated (64 FR 67247), and the Commission instituted (64 FR 67302), a sunset review of the antidumping duty order on aramid fiber from the Netherlands, pursuant to section 751(c) of the Act. As a result of its review, the Department found that revocation of the antidumping duty order on aramid fiber from the Netherlands would likely lead to continuation or recurrence of dumping, and notified the Commission of the magnitude of the margin likely to prevail were the antidumping duty order revoked. See Final Results of Full Sunset Review: Aramid Fiber Formed of Poly Para-Phenylene Terephthalamide From the Netherlands, 65 FR 65294 (November 1, 2000).

On February 28, 2001, the Commission determined, pursuant to section 751(c) of the Act, that revocation of the antidumping duty order on aramid fiber from the Netherlands would not likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Aramid Fiber Formed of Poly Para-Phenylene Terephthalamide From the Netherlands, 66 FR 12810 (February 28, 2001), and USITC Publication 3394, (February 2001), Investigation No. 731-TA-652 (Review).

Scope

The merchandise subject to this antidumping duty order includes all forms of aramid fiber from the Netherlands. These consist of aramid fiber in the form of filament yarn (including single and corded), staple fiber, pulp (wet or dry), spun-laced and spun-bonded nonwovens, chopped fiber, and floc. Tire cord is excluded from the class or kind of merchandise subject to this order. This merchandise is currently classifiable under the Harmonized Tariff Schedule of the