

evidence relied upon in previous segments of this proceeding.

With respect to the relevance aspect of corroboration, the Department will consider information reasonably at its disposal as to whether there are circumstances that would render benefit data not relevant. *See Cotton Shop Towels from Pakistan: Final Results of Countervailing Duty Administrative Review*, 66 FR 42514 (August 13, 2001). Where circumstances indicate that the information is not appropriate as adverse facts available, the Department will not use it. *See Fresh Cut Flowers from Mexico: Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996). In the instant case, no evidence has been presented or obtained which contradicts the relevance of the benefit data relied upon in previous segments of this proceeding. Thus, in the instant case, the Department finds that the information used has been corroborated to the extent practicable.

## Analysis of Programs

### I. Programs Preliminarily Determined To Confer Subsidies

#### A. Export Certificate Voucher Program

The GOI and RPPC explain that prior to calendar year 2000, there were three exchange rates in effect: (1) The oil-notional rate, available exclusively to the GOI for its own budgetary requirements; (2) the non-oil export rate, also referred to as the "export rate," available to importers and exporters for their foreign exchange transactions; and (3) the "free-market" rate, which was itself tied to the Tehran Stock Exchange (TSE). According to information from the GOI, during the months leading up to the POR, the export rate and the "free-market" rate, although similar to each other, were significantly different from the oil-notional rate.

Under this system, the GOI required exporters to deposit a certain percentage of their anticipated export revenue with the Central Bank of Iran (CBI). Deposit rates varied across industries. In the case of the pistachio industry, the deposit requirement was 100 percent of the export sale. Also, the GOI required exporters to obtain, for a nominal fee, an export certificate. In addition, the GOI required exporters to return the foreign exchange earned on the sale to the CBI.

Provided that the exporter conducted the transaction through an Iranian bank, the CBI issued, upon return of the foreign exchange earnings, an export certificate voucher to the exporter. The export certificate voucher, in turn, gave the exporter three options: (1) Use the dollars earned on the export sale, within

three months of receipt, to purchase dollar-denominated imports; (2) use the voucher to convert the amount of foreign exchange listed on the export certificate into rials at the export rate; or (3) sell the voucher, within three months of receipt, on the open market at slightly higher margins (*i.e.*, the margin between the export rate and "free market" rate) to buyers in Iran that had a need to acquire U.S. dollars.

According to the GOI, this exchange rate system was revised pursuant to Iran's adoption of its third five-year development plan in March of 2000. Under the new system, the GOI abolished the export rate, thus leaving only two rates, the oil-notional rate and the "free market" rate. However, according to the GOI, participants in the export certificate voucher program were eligible to utilize a third rate that more closely tracked but, nonetheless, was still below the "free market" rate.

Under this revised exchange rate system, exporters must return their foreign currency to the CBI within eight months of the sale. As an added incentive, the CBI offers an early deposit reward to holders of export certificate vouchers equal to one percent of the sale for every month the exporter returns the foreign currency prior to the termination of the eight month deadline. This reward is capped at six percent of the sale. The exporter is then free to sell the "awarded" foreign exchange at the "free market" rate.

According to the GOI, the exchange rate system adopted under the third five-year development plan was, itself, abolished by the CBI in March of 2002. Under the new 2002 system, the GOI claims that it has completely unified its exchange rate system.

According to RPPC, it utilized the export certificate voucher program during the POR, selling the vouchers on the open market at slightly higher margins (*i.e.*, the margin between the export rate and "free market" rate) (*see* page 11 and Exhibit 7 of RPPC's August 19, 2002, questionnaire response). Moreover, RPPC used the early deposit reward program during the POR (*see* page 4 of RPPC's October 15, 2002, questionnaire response). To calculate the benefit from the export certificate voucher program, we subtracted the exchange rate listed on each export certificate RPPC sold during the POR from the free market exchange rate that was in effect as of the date of the export certificate. We then multiplied this difference, in rials per dollar, by the dollar value listed on each export certificate. Next, we summed each of the products to arrive at the total benefit in rials. We then divided the total benefit

by RPPC's export sales during the POR. We note that, as BIA, we used RPPC's total sales of export certificates in rials for RPPC's export sales, as RPPC did not provide us with its export sales. On this basis, we preliminarily determine, for liquidation purposes, a net countervailable subsidy of 1.14 percent *ad valorem* for RPPC.

We calculated a benefit for RPPC's early deposit rewards by dividing the total amount of RPPC's early deposit rewards in rials by the same export sales figure discussed above. On this basis, we preliminarily determine, for liquidation purposes, a net countervailable subsidy of 2.72 percent *ad valorem* for RPPC.

However, we found in the *Pistachios New Shipper Reviews* that the export certificate voucher program in its entirety was terminated as of March 21, 2002 (*see* Comment 13 of the Issues and Decision Memorandum). Therefore, for cash deposit purposes, the rate is 0.00 percent *ad valorem* for RPPC. For further discussion, *see* "Preliminary Results of Review" section below.

#### B. Provision of Fertilizer and Machinery

Petitioners have alleged that under this program the GOI provides fertilizer and machinery to the pistachio industry at preferential prices. Although RPPC itself stated that it did not receive any inputs from the GOI during the POR, RPPC did not provide any information regarding the usage of this program by the 70,000 members of RPPC. Therefore, as adverse facts available, we preliminarily determine a net countervailable subsidy of 7.11 percent *ad valorem*, from *In-shell Pistachios*, for RPPC.

#### C. Provision of Water and Irrigation Equipment

Petitioners have alleged that the GOI undertakes the construction of soil dams, flood barriers, canals, and other irrigation projects on behalf of pistachio farmers. Although RPPC itself stated that it did not receive any funding from the GOI during the POR with respect to this program, RPPC did not provide any information regarding the usage of this program by the 70,000 members of RPPC. Therefore, as adverse facts available, we preliminarily determine a net countervailable subsidy of 7.11 percent *ad valorem*, from *In-shell Pistachios*, for RPPC.

#### D. Program to Improve Quality of Exports of Dried Fruit

Petitioners have alleged that pursuant to the Budget Act of 2001–2002, the GOI provides financial assistance to exporters of dried fruit and pistachios to