

exporters on a daily basis using a formula accounting for the exchange rate between the U.S. Dollar and the Euro (*i.e.*, exporters exchanged their U.S. Dollars into Argentine Pesos at a rate of one Peso equals 1 U.S. Dollar + (1 U.S. Dollar + 1 Euro)/2). (*See CF Public Information Memo.*) As such, Argentine exporters ultimately converted their U.S. Dollar payments to Argentine Pesos at a rate more advantageous than the one-to-one parity established by the Convertibility Law. In making CF claims, exporters apparently applied the officially published CF from the date of their export declaration to the FOB value of the goods exported. The GOA then paid the CF proceeds directly to the exporter.

The CF program provides a payment to exporters, calculated as a percentage of the "free on board" (FOB) invoice price of an exported product. These CF payments are issued by the GOA directly to exporters and therefore, constitute a financial contribution to recipients under section 771(5)(D)(I) of the Act. The CF program also provides a benefit because the exchange rate established through this program allowed exporters to convert U.S. Dollars to Argentine Pesos at a rate more advantageous than the official one-to-one exchange rate mandated by the GOA's Convertibility Law. Further, since receipt of CF payments is contingent upon export performance, CF payments are specific under section 771(5A)(D) of the Act.

In order to calculate the countervailable subsidy for the CF program applicable to honey exports from June 19, 2001 through December 31, 2001, we obtained the official daily CF data through a search of GOA websites, and we calculated an average CF for the period.² We then multiplied that average CF by the FOB value of honey exports to the United States for the same period and divided that total by the total FOB value of honey exports to the United States in 2001. As such, the countervailable subsidy rate for the CF program applicable to 2001 is 0.060 percent *ad valorem*.

For the purposes of establishing the countervailable subsidy rate for 2002 and the cash deposit rate of estimated countervailing duties, we obtained the official daily CF data for the period January 1, 2002 through January 29, 2002 (the date on which Resolution 191/2002 apparently suspended the Convergence Factor) and calculated an average CF for that period. We then

applied that average CF to the total FOB value of honey exports to the United States for the same period. We estimated the total FOB value of honey exports to the United States for the period January 1, 2002 through January 29, 2002 by dividing the total FOB value of honey exports to the United States in 2002 by 365 days and multiplying the daily FOB value by 29 days. We then divided the total CF accrued during 2002 by the total FOB value of honey exports to the United States in 2002. Therefore, we preliminarily determine that the countervailable subsidy rate applicable to exports in 2002 and the rate of cash deposit of estimated countervailing duties applicable to this program is 0.477 percent *ad valorem*.

Section 776(c) of the Act provides that when the Department relies on the facts otherwise available and relies on "secondary information," the Department shall, to the extent practicable, corroborate that information from independent sources reasonably at the Department's disposal. The *Statement of Administrative Action*, H.R. Doc. 103-316 (SAA), states that "corroborate" means to determine that the information used has probative value. *See* SAA at 870. To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used.

In the instant review, we have relied on verified public information from the companion antidumping duty review to calculate countervailable subsidy and cash deposit rate applicable to the CF. Since this public information obtained from the companion antidumping duty proceeding was contemporaneous to the instant review and verified in the context of the companion antidumping duty review we consider it to be reliable and to have probative value. (*See CF Public Information Memo.*) We also used public information obtained from a GOA Web site: <http://www.afip.gov.ar/>. Because this is information issued by the GOA independent of this administrative review, we consider it to be reliable and to have probative value.

3. Regional Productive Revitalization Program

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. The program was established in 1995 with funds from the national treasury allocated for use by the provinces.

Although the program was administered at the national government level, its objective was to address financial emergencies and regional economic devastation in the provinces. The program discontinued granting new credits in the beginning of 1999. However, it remains operational as long as the loans granted are outstanding and continue to be serviced. The Regional Productive Revitalization Program provided credit for the acquisition of capital goods, technology, working capital, training needs, and technical assistance. During the time the program was fully operational, two Argentine Peso-denominated loans were made to honey producers. Those loans were outstanding during both 2001 and 2002. The GOA reported that under Resolution 0324, dated September 16, 2002, borrowers were permitted to refinance their loans under this program at terms which differed for companies that had remained current in their payment of interest and principal and for companies which had not remained current with their loan repayment obligations.

In the *Honey Final Determination*, we determined that the Regional Productive Revitalization Program was countervailable as a regional subsidy. *See Honey Issues Memo*, at "Regional Productive Revitalization: National Program for the Promotion and Development of Local Productive Initiative." There is no new information or evidence of changed circumstances which would warrant reconsidering this finding.

Consistent with our approach in the *Honey Final Determination*, we are treating these two loans differently for the purposes of calculating the benefit. For the first loan, we calculated the Argentine Peso-denominated benefit for the loan by multiplying the average loan balance outstanding during 2001 and 2002 by the difference between the loan interest rate charged and the benchmark interest rate. For our benchmark interest rate, we selected from the information provided by the Central Bank of Argentina, a rate for the type of loans that most closely resembled the terms of this program. *See* "Benchmark Interest Rates and Discount Rates" above.

For the second loan, in the *Honey Final Determination*, we considered that this loan had been forgiven during 1999, the period of investigation POI, and treated the amount of debt forgiven as a grant conferred in that year. *See* 19 CFR § 351.508. There is no new information or evidence of changed circumstances which would warrant treating this loan differently for purposes of these preliminary results of

² The official CF data is available from the following GOA website: http://www.afip.gov.ar/factor/inter_consulta.asp.