

review. Therefore, we continue to treat this loan as debt forgiven in 1999. To calculate the benefit, we have allocated the resulting Argentine Peso-denominated grant amount over the AUL of 10 years. See section entitled "Allocation Period" above. We have used an appropriate discount rate, as discussed in the "Benchmark Interest Rates and Discount Rates" section, above. Separately for 2001 and 2002 we summed the Argentine Peso-denominated benefit amounts attributable to each loan and converted the benefit amounts to U.S. Dollars using the official exchange rate data provided by the GOA. We then divided the U.S. Dollar-denominated benefits by the U.S. Dollar-denominated value of honey produced in Argentina during 2001 and 2002, as appropriate, to calculate a countervailable subsidy rate of 0.089 percent *ad valorem* for 2001 and 0.005 percent *ad valorem* for 2002. The cash deposit rate of estimated countervailing duties for this program is 0.005 percent *ad valorem*.

#### 4. BNA Financing for the Acquisition of Goods of Argentine Origin

The financing for the Acquisition of Goods of Argentine origin program was established by the Banco de la Nación Argentina (BNA), a bank owned by the GOA, pursuant to Annex B to the BNA Circular No. 10715/I. This line of credit is offered by BNA to companies purchasing capital equipment manufactured in Argentina (defined as having a maximum foreign component of 40 percent). Financing is provided for up to five years, in an amount equal to 80 percent of the purchase price of the equipment not to exceed US\$500,000. There was one loan under this program to a honey producer or exporter which was outstanding during 2001 and 2002.

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 this financing is available only for the purchase of Argentine origin goods, the BNA Financing for the Acquisition of Goods of Argentine Origin is specific as an import substitution subsidy under section 771(5A)(c) of the Act.

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 the loan provided under this program to the commercial interest rate for loans that most closely resemble loans under this program. (See "Benchmark Interest

Rates and Discount Rates" above.) Based on this comparison, the amount that the recipient pays is less than the amount the recipient would have paid on a comparable commercial loan that could actually be obtained on the market. Thus, this line of credit provides a benefit under section 771(5)(E) of the Act.

The Republic of Argentina followed a currency board system under its Convertibility Law of maintaining parity between the Argentine peso and the U.S. dollar until January 2002. Thus, the exchange rate for the year 2001 was one Argentine Peso to one U.S. dollar. On January 6, 2002, Emergency Law No. 25,561 (Law 25,561) ended the one Argentine peso-one U.S. dollar relationship. In addition, Article 6, paragraph 2 of Law 25,561 and Decree 214/2002 established the mandatory restructuring of foreign currency-denominated debts<sup>3</sup> at a relationship of one U.S. Dollar-one Argentine Peso. This loan was converted from U.S. Dollars to Argentine Pesos under Law 25,567 and Decree 214/2002.

Because this is a long-term fixed-rate loan, the benefit is calculated by multiplying the average outstanding loan balance during 2001 by the difference between the interest rate charged under the program and the benchmark interest rate in accordance with 19 CFR § 351.505(c). We then divided this benefit amount by the U.S. Dollar value of total honey production in Argentina during 2001. Thus, for 2001, we preliminarily determine that the value of any countervailable benefits to honey producers or exporters under this program would have no measurable impact on the overall subsidy rate (*i.e.*, the rate is less than 0.001 percent *ad valorem*).

Because this loan was converted from U.S. Dollars to Argentine Pesos on January 29, 2002 pursuant to Law 25,567 and Decree 214/2002, we consider that there was, in effect, a new long-term fixed rate Argentine Peso-denominated loan made in 2002. We calculated the countervailable subsidy for 2002 in five steps: (1) We multiplied the average U.S. Dollar-denominated outstanding loan balance which existed from January 1, 2002 through January 28, 2002 by the difference between the interest rate for loans charged under the program and the benchmark interest rate for U.S. Dollar-denominated loans; (2) we multiplied the average Argentine Peso-denominated outstanding loan balance which existed from January 29,

2002 through December 31, 2002 by the difference between the interest rate charged under the program and the appropriate benchmark interest rate for Argentine Peso-denominated loans made during 2002; (3) we converted the 2002 Argentine Peso-denominated benefit into U.S. Dollars using the official annual average exchange rate data provided by the GOA; (4) we summed the two U.S. Dollar-denominated benefits from the two periods in 2002; and (5) we divided this U.S. Dollar-denominated amount by the U.S. Dollar value of total honey production in Argentina during 2002. We thus preliminarily find the countervailable subsidy from this program to be 0.001 percent *ad valorem* for 2002. The cash deposit rate of estimated countervailing duties is 0.001 percent *ad valorem*.

#### B. Provincial Programs

##### 1. Province of San Luis Honey Development Program

The San Luis Honey Development Program (SLHDP) promoted honey production to supplement the income of disadvantaged people in underdeveloped areas in the province of San Luis through credit lines. These long-term, fixed rate, and Argentine Peso-denominated loans were made as part of a series of annual campaigns which took place from 1994 through 1999.

In the underlying investigation, the Department found the Province of San Luis Honey Development Program to be countervailable. See *Honey Issues Memo*, at "Province of San Luis Honey Development Program." There is no new information or evidence of changed circumstances which would warrant reconsideration of this finding.

In the underlying investigation we treated loans made under this program as loans that had been forgiven during the 1999, the POI. See 19 CFR 351.508(a). In the instant review, the GOA reported that the Province of San Luis had undertaken significant efforts to collect payment on these loans. We verified that the Province of San Luis had collected a few, very small payments in 2001 and 2002. However, the amount collected was so small that it would have no impact on the countervailable subsidy rate. As such, we need not address whether it is appropriate to consider these payments as repayments of the subsidy. Therefore, consistent with our methodology in the investigation, we have summed the amounts disbursed through the program for the years 1994 through 1999, plus the accrued interest through 1999, when

<sup>3</sup> Law 25,567 and Decree 214/2002 converted all foreign currency-denominated debts except those directly related to the financing of exports.