

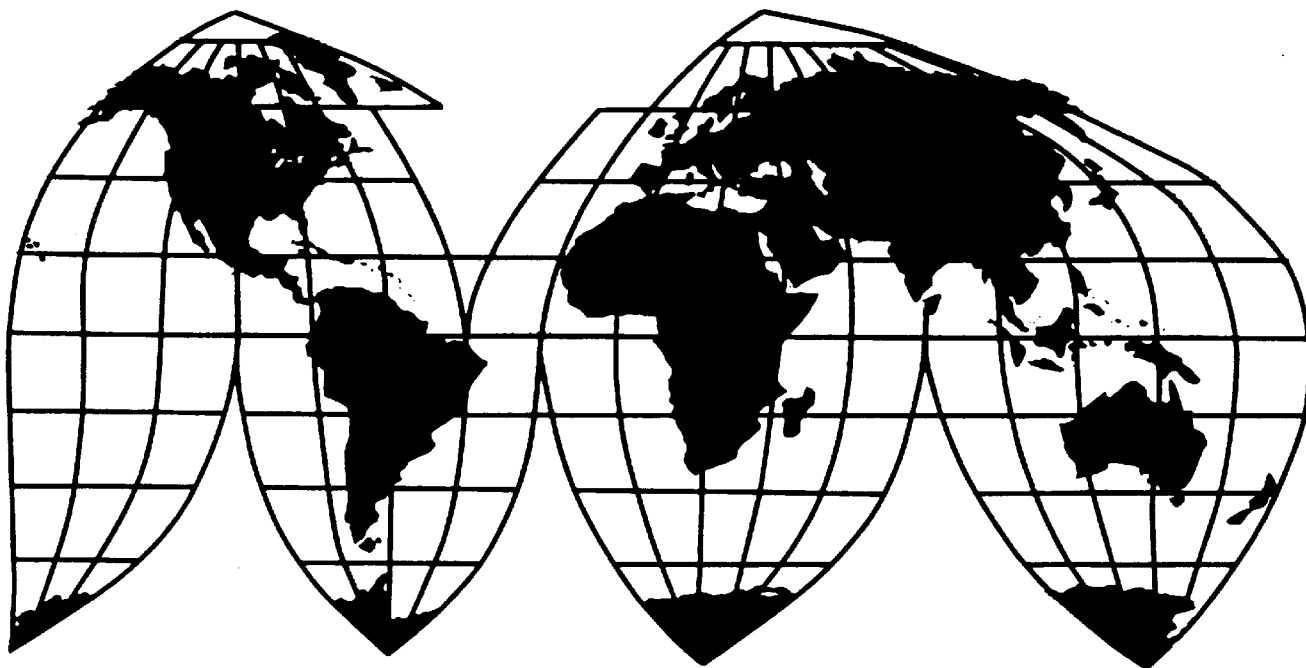
Raw In-Shell Pistachios From Iran

Investigation No. 731-TA-287 (Review)

Publication 3824

December 2005

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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NOTE

Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-287 (Review)

RAW IN-SHELL PISTACHIOS FROM IRAN

DETERMINATION

On the basis of the record¹ developed in the subject five-year review, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty order on raw in-shell pistachios from Iran would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted this review on March 1, 2005,² and determined on June 6, 2005, that it would conduct a full review.³ Notice of the scheduling of the Commission's review and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on June 30, 2005.⁴ The hearing was held in Washington, DC, on October 11, 2005, and all persons who requested the opportunity were permitted to appear in person or by counsel.

¹ The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

² 70 FR 9976.

³ 70 FR 35116, June 16, 2005 (Chairman Koplan, Commissioner Miller, and Commissioner Hillman dissenting).

⁴ 70 FR 37867.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-287 (Review)

RAW IN-SHELL PISTACHIOS FROM IRAN**VIEWS OF THE COMMISSION**

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty order on raw in-shell pistachios from Iran would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. BACKGROUND

The Commission determined that an industry in the United States was materially injured by reason of less than fair value (“LTFV”) imports of raw in-shell pistachios from Iran on July 14, 1986, and Commerce published its antidumping duty order on the subject merchandise on July 17, 1986.¹ The United States imposed a trade embargo on imports of all products to the United States from Iran in 1987;² the embargo on foodstuffs including pistachio nuts was lifted in 2000. Because a law enacted in 1999 effectively proscribed sunset reviews of orders on embargoed products,³ this is the first review of this antidumping duty order.

Concurrent with the filing of the antidumping petition, the petitioners filed a countervailing duty petition concerning imports of raw in-shell pistachios and certain roasted in-shell pistachios from Iran. On March 11, 1986, Commerce published a countervailing duty order on raw in-shell pistachios, finding a countervailing duty rate of 99.52 percent *ad valorem*. The Commission was not required to make an injury determination concerning the countervailing duty petition because Iran was not a “country under the [Subsidies] Agreement” within the meaning of 701(b) of the Tariff Act of 1930 (“the Act”), as amended, 19 U.S.C. § 1671(b).⁴ Because the countervailing duty order was issued pursuant to section 303 of the act, no five-year review of the order is required.⁵

On March 1, 2005, the Commission gave notice that it had instituted this five-year review pursuant to section 751(c) of the Act to determine whether revocation of the antidumping duty order on raw in-shell pistachios from Iran would be likely to lead to continuance or recurrence of material injury to the domestic industry.⁶ The Commission received an adequate response filed jointly on behalf of two producer organizations, the California Pistachio Commission (“CPC”) and the Western Pistachio Association (“WPA”). The CPC reported that all producers of in-shell pistachios in California are

¹ 51 Fed. Reg. 25408 (July 14, 1986) (Commission notice); 51 Fed. Reg. 25922 (July 17, 1986) (Commerce notice).

² There was also a 1980 embargo on trade with Iran, relating to the then hostage crisis, which was lifted in January 1981. Tr. at 57-58 (Mr. Steinberger).

³ See 19 U.S.C. § 1675(c)(7).

⁴ Confidential Report (“CR”) at I-3 - I-4, Public Report (“PR”) at I-3.

⁵ See 19 U.S.C. § 1675(c)(1)(A).

⁶ 70 Fed. Reg. 9976 (Mar. 1, 2005).

members of the CPC, and that its grower members account for over 96 percent of domestic production. The WPA reported that it represents all interests of the domestic pistachio industry, including growers, processors and associated service entities; its grower members reportedly represent one-half of pistachio production in the United States, while its processor members represent approximately *** percent of the pistachios processed domestically.⁷ The majority of WPA's members manufacture, produce or wholesale pistachio nuts in the United States.⁸ No Iranian producer, exporter or U.S. importer of subject merchandise filed a response to the notice of institution in this review.

On June 6, 2005, the Commission unanimously determined that the domestic interested party group response was adequate and the respondent interested group response was inadequate. The Commission determined, by a 3-3 vote, to conduct a full review of the antidumping duty order on raw in-shell pistachios from Iran.⁹¹⁰ Over the course of this full review, no respondent interested party has provided any information or argument to the Commission.

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c) of the Act, the Commission defines the "domestic like product" and the "industry."¹¹ The Act defines the "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."¹² The Commission's practice in five-year reviews is to look to the like product definition from the original determination and any previous reviews and consider whether the record indicates any reason to revisit that definition.¹³

In this five-year review, Commerce has defined the scope of the antidumping duty order on Iranian subject merchandise as "raw, in-shell pistachio nuts from which the hulls have been removed, leaving the inner hard shells, and edible meats from Iran."¹⁴

⁷ There is some overlap in membership between the CPC and WPA. See CPC et al. Response to Notice of Institution, Exhs. 1, 2.

⁸ See CPC et al. Response to Notice of Institution at 2-3.

⁹ Chairman Koplman, Commissioner Miller, and Commissioner Hillman dissenting.

¹⁰ See Explanation of Commission Determination on Adequacy, CR/PR at App. A. As the Commission stated in its Notice of Final Rulemaking, 63 Fed. Reg. 30599, 30604 (June 5, 1998), the tie vote provision in section 771(11) of the Act is not applicable to a Commission decision on whether to expedite a review.

¹¹ 19 U.S.C. § 1677(4)(A).

¹² 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

¹³ See e.g., Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan and the United Kingdom, Inv. No. 701-TA-380-382 and 731-TA-797-804 (Review), USITC Pub. 3788 (July 2005) at 6; Crawfish Tail Meat from China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 (July 2003) at 4; Steel Concrete Reinforcing Bar from Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 (Feb. 2003) at 4.

¹⁴ 70 Fed. Reg. 57855 (Oct. 4, 2005).

In its original investigation, the Commission found the domestic like product to be raw in-shell pistachio nuts that have been harvested, hulled, dried to a moisture content of four to six percent, and graded.¹⁵ These included all shapes of nuts, all three U.S. grades (U.S. Fancy, U.S. No. 1 and U.S. No. 2) and all four size categories (very large, large, medium, and small).¹⁶ In this review, the domestic interested parties do not argue for a different definition of the domestic like product.¹⁷

The record here contains no information that would warrant a reconsideration of the domestic like product definition. Domestic interested parties stated that there have been no material changes in the product or the manner in which it is grown, harvested, packaged, marketed, transported, or imported since 1986.¹⁸ We therefore define the domestic like product in this review as consistent with the like product definition in the original determination.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”¹⁹ In the original determination, the Commission defined the domestic industry as “those producers that grow pistachio nuts and those firms that process the pistachio nuts from hulling through grading.”²⁰ The Commission found that there was a single, continuous line of production starting with raw in-shell pistachio nuts that remain substantially unchanged throughout the process, and that there was a common economic interest between the growers and the processors.²¹ In this review, the domestic interested parties indicated that they agree with this definition²² and we find that the record contains no information that would warrant a reconsideration of the definition of the domestic industry. We therefore define the domestic industry in this review as producers that grow pistachio nuts and those firms that process the pistachio nuts from hulling through grading.²³

¹⁵ In-Shell Pistachio Nuts from Iran, Inv. No. 731-TA-287 (Final), USITC Pub. 1875 (July 1986), at 5.

¹⁶ USITC Pub. 1875 at 5.

¹⁷ See Cal-Pure Pistachios Prehearing Brief at 6; CPC et al. Response to Notice of Institution at 28.

¹⁸ Cal-Pure Pistachios Prehearing Brief at 6.

¹⁹ 19 U.S.C. § 1677(4)(A). In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States. See United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int’l Trade 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996).

²⁰ USITC Pub. 1875 at 8. Hulling removes the outer husk, which changes color from tan to reddish bluish when the pistachio matures, and becomes loosened from the nut inside, which remains in its shell. CR at I-17, PR at I-14.

²¹ USITC Pub. 1875 at 7.

²² CPC et al. Response to Notice of Institution at 28.

²³ The production of pistachios as consumed by end-users involves growers, processors and roasters. See CR at I-17 - I-19, PR at I-14 - I-16. The final end-use product, roasted pistachios, is not part of the domestic like product in this review (nor was it in the original investigation). During the preliminary investigation in 1985, the Commission considered including firms that roast pistachios in the domestic industry. It ultimately determined that only growers and firms that process pistachios from hulling to grading comprise the domestic industry. We do the same in this review.

III. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDER IS REVOKED

A. Legal Standard In A Five-Year Review

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”²⁴ The SAA states that “under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”²⁵ Thus, the likelihood standard is prospective in nature.²⁶

The U.S. Court of International Trade has found that “likely,” as used in the sunset review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.²⁷ ²⁸ ²⁹ The statute states that “the Commission shall consider that the effects of revocation or termination

²⁴ 19 U.S.C. § 1675a(a).

²⁵ SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

²⁶ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

²⁷ See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), aff’d without opinion, 05-1019 (Fed. Cir. August 3, 2005); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int’l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int’l Trade Dec. 20, 2002) (“more likely than not” standard is “consistent with the court’s opinion”; “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int’l Trade July 19, 2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

²⁸ Vice Chairman Okun notes that consistent with her dissenting views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade’s interpretation of “likely” to mean “probable.” See Usinor Industeel, S.A. et al v. United States, No. 01-00006, Slip. Op. 02-39 at 13 (Ct. Int’l Trade April 29, 2002). However, she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue. See also Dissenting Views of Vice Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson concerning the “likely” standard; Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 731-TA-707-709 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

²⁹ Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004), she does not concur with the U.S. Court of

(continued...)

may not be imminent, but may manifest themselves only over a longer period of time.”³⁰ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis [in antidumping investigations].”^{31 32}

Although the standard in a five-year review is not the same as the standard applied in an original antidumping investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated.”³³ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).³⁴

No respondent interested party provided any information or argument in this review. Therefore, the record consists primarily of information from the original investigation, information submitted by the domestic interested parties, official Commerce statistics, and other publicly available information.

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and

²⁹ (...continued)

International Trade’s interpretation of “likely,” but she will apply the Court’s standard in this review and all other subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses this issue.

³⁰ 19 U.S.C. § 1675a(a)(5).

³¹ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

³² In analyzing what constitutes a reasonably foreseeable time, Chairman Koplan examines all the current and likely conditions of competition in the relevant industry. He defines “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

³³ 19 U.S.C. § 1675a(a)(1).

³⁴ 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the order under review. The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

conditions of competition that are distinctive to the affected industry.”³⁵ The following conditions of competition are relevant to our determination.

In the original investigation, the Commission considered the cyclical nature of production from pistachio trees, which results in alternating light and heavy crop years. The nature of the industry required that analysis of much of the relevant data, especially production and shipment data for growers and processors, focus on changes from one heavy crop year to another heavy crop year and from one light crop year to another light crop year, as year-to-year changes could be misleading.³⁶ We have also done so in this review, although data from the CPC take into account inventory changes commensurate with changes from a heavy crop year to a light crop year.

We identify the following additional conditions of competition as relevant in this review. First, demand for raw in-shell pistachios depends upon the level of demand for downstream products such as roasted and salted pistachios, nut mixes, bakery products, ice cream, and pistachio kernels. The vast majority of raw in-shell pistachios is used to make roasted, salted pistachios. Pistachios are increasingly consumed as a snack food and some are flavored to compete with flavored almonds.³⁷

Consumer demand in the United States and around the world has grown from 1986 to 2004. U.S. per capita consumption of pistachios has risen from an average of 0.08 pounds in the 1980s to an average of 0.2 pounds since 2000. The consumption of pistachios in the United States is rising due in part to increased availability as well as recent research and marketing that has touted the health benefits attributed to nuts.³⁸ Apparent consumption of pistachios increased 58.5 percent from crop year 1999/00 to crop year 2004/05.³⁹ Domestic interested parties expect apparent consumption to increase three to four percent per year, absent any health fears regarding pistachios.⁴⁰

In terms of supply, Iran is the largest producer in the world and the United States is the second largest. Most of the production and processing capacity in the United States is located in California. At the time of the original investigation, there were 47,000 acres growing pistachios in the United States compared to 126,579 acres in 2002.⁴¹ Harvested acreage increased 33.9 percent from crop year 1999/00 to crop year 2004/05 and per-acre yields increased 74.4 percent over the same period, resulting in a 133.6 percent increase in the amount of pistachios harvested.⁴² Average processing capacity increased 77.7 percent during that period while capacity utilization increased 16.4 percentage points.⁴³ While pistachio production is still cyclical, with alternating heavy and light crop years, the industry operates on a two-year marketing cycle in which processors generally hold enough inventory from on-year harvests to

³⁵ 19 U.S.C. § 1675a(a)(4).

³⁶ USITC Pub. 1875 at 8, A-3, A-4.

³⁷ CR at II-7, PR at II-5.

³⁸ CR at I-29, PR at I-25.

³⁹ CR/PR at Table I-9. Pistachio nuts are harvested in the United States in September and October; the U.S. pistachio crop year runs from September to August. The crop year in Iran runs from October to September. CR at I-17 n.36, PR at I-14 n.36.

⁴⁰ CR at II-7, PR at II-5; see Tr. at 43-44 (Mr. Phillimore) (detection of excessive aflatoxin levels in Iranian imports and subsequent adverse publicity would adversely affect demand and pricing for U.S. product).

⁴¹ CR at I-24, PR at I-21.

⁴² CR/PR at Table C-1.

⁴³ CR/PR at Table C-1.

supply demand during the off-year harvests.⁴⁴ This appears to represent a change in operations since the period of the original investigation and permits somewhat more stable supply and prices.⁴⁵

In the United States, processors generally perform the hulling and drying operations on the nuts, which are purchased directly from the growers.⁴⁶ However, there exists a substantial amount of vertical integration in the pistachio industry. Vertically-integrated operations processing pistachios grown on their own acreage accounted for 40 percent of domestically processed pistachios in 1986 and a similar 38.7 percent in crop year 2004/05.⁴⁷

The available data indicate that there would be a high degree of substitution between domestic raw in-shell pistachios and the subject imports. The degree of substitution depends upon such factors as relative prices, quality (e.g. grade standards, defect rates, etc.) and conditions of sale (e.g. lead times between order and delivery, availability of product, product services, etc.).⁴⁸

Like other nuts, pistachios are potentially susceptible to contamination by aflatoxins, which are produced by molds that appear under certain conditions.⁴⁹ The maximum aflatoxin tolerance for U.S. pistachios pursuant to a California pistachio producers' marketing order is 15 parts per billion ("ppb"), although the limit is 20 ppb for imports.⁵⁰ Aflatoxin tolerances in the U.S. market are higher than those in certain third-country markets, including the European Union.⁵¹

Subject imports have been minimal since imposition of the antidumping duty order.⁵² Nonsubject imports into the United States decreased substantially from the period of the original investigation to the present time. They totaled 809,000 pounds in 1985/86, but amounted to only 6,000 pounds in 2004/05.⁵³ Normal import tariffs to the United States are somewhat lower than in other countries.⁵⁴

⁴⁴ CR at III-23, PR at III-19.

⁴⁵ See Cal-Pure Pistachios Prehearing Brief at 8

⁴⁶ CR at I-25, PR at I-22.

⁴⁷ CR at I-27, PR at I-22.

⁴⁸ CR at II-9, PR at II-6.

⁴⁹ CR at I-17 n.37, PR at I-14 n.37; Cal-Pure Pistachios Prehearing Brief at 19. Aflatoxin, particularly the B1 strain, has been linked to cancer in the liver and kidneys. It is a naturally occurring toxin that grows in soil when decaying vegetation, hay and grains undergo microbiological deterioration in the presence of moisture and high temperatures. CR at I-17 n.37, PR at I-14 n.37.

⁵⁰ CR at I-20 & n.42, PR at I-17 & n.42.

⁵¹ CR at II-5 & IV-3 n.18, PR at II-3 & IV-12 n.18. The European Union's aflatoxin B1 limit is a maximum of 2 micrograms/kg with a maximum of 4 micrograms/kg for total aflatoxin levels. The United States permits a maximum aflatoxin level of 20 micrograms/kg with no specific maximum level for aflatoxin B1. CR at IV-13 n.18, PR at IV-12 n.18.

⁵² CR/PR at Table I-2.

⁵³ CR/PR at Table I-2. While there are several significant nonsubject producers of pistachios, these countries consume the vast majority of their production domestically and are not significant exporters. CR at II-6, PR at II-4, Tr. at 75 (Ms. Reinecke).

⁵⁴ See CR/PR at Tables I-4, IV-7.

Since March 1986, there has been an outstanding countervailing duty order on raw in-shell pistachios from Iran,⁵⁵ which we consider as a condition of competition.⁵⁶ In its original investigation, Commerce found a countervailing duty rate of 99.52 percent *ad valorem*, which has remained in place since that time.⁵⁷ However, in recent new shipper and administrative reviews, Commerce has found countervailing duty rates ranging from 0.0 percent to 49.77 percent *ad valorem* because a number of subsidy programs reviewed were either not in existence or not used during its period of review.⁵⁸

Based on the record evidence, we find that these conditions of competition in the U.S. raw in-shell pistachios market are not likely to change significantly in the reasonably foreseeable future. Accordingly, we find that current conditions in the U.S. raw in-shell pistachios market provide us with a basis upon which to assess the likely effects of revocation of the antidumping duty order within a reasonably foreseeable time.

C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the antidumping duty order is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.⁵⁹ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.⁶⁰

In the original investigation, the Commission found that the volume of subject raw in-shell pistachios had increased dramatically since an embargo on trade with Iran was lifted in 1981. From 1982 to 1985, imports from Iran rose steadily from 4.1 million pounds to 25.8 million pounds. In January-March 1986, imports reached 5.4 million pounds compared with 2.3 million pounds for January-March 1985. Market penetration also rose dramatically – from 19.8 percent of consumption in 1982 to 42.3 percent in 1985. During this period of rapid increase in both the volume and market share of subject imports, the unit value of those imports fell from \$2.30 in 1982 to only \$1.25 in January-March 1986.⁶¹

⁵⁵ As noted above, we have not reviewed this order because Iran is not a “country under the Agreement” within the meaning of section 701(b) of the Act. 19 U.S.C. § 1671(b); see 19 U.S.C. § 1671(c)(6).

⁵⁶ In another recent review, we also examined other trade measures that affected imports of the subject merchandise. See Sugar from The European Union, Inv. No. 104-TAA-7 (Second Review), Sugar from Belgium, France and Germany, Inv. Nos. AA1921-198-200 (Second Review), USITC Pub. 3793 (Aug. 2005), at 20-21.

⁵⁷ See CR/PR at App. E.

⁵⁸ See CR/PR at App. E.

⁵⁹ 19 U.S.C. § 1675a(a)(2).

⁶⁰ 19 U.S.C. § 1675a(a)(2)(A-D).

⁶¹ USITC Pub. 1875 at 11-12.

Since the order was imposed in 1986, there have been virtually no subject imports. From 1986 to 1987, when the second embargo took effect, subject imports decreased drastically.⁶² There were 27,950 pounds of subject imports, valued at \$77,000, imported into the United States in 2002, and 953 pounds, valued at \$3,000, in 2003, and no subject imports in the other years since 1986.⁶³

Iran is both the world's largest producer and the world's largest exporter of pistachios.⁶⁴ Pistachios are that country's top agricultural export and, in 2003, they became Iran's second largest export overall, following oil. Depending on crop size in any given year, Iran exports from 50 percent to 80 percent of its production, and its exports are more than three times greater than the exports of its nearest competitor, the United States.⁶⁵ At the time of the original investigation, Iran's crop averaged about 78 million pounds (crop years 1980/81 - 1984/85), while U.S. production totaled 62.6 million pounds in crop year 1984/85.⁶⁶ Iranian production has increased steadily since then.⁶⁷ During the 1990s, average on-year crops were in the 400 to 500 million pound range, while the off-years were in the 150 to 300 million pound range.⁶⁸ According to the Food and Agriculture Organization of the United Nations, Iranian production of pistachios was 672 million pounds in crop year 2004/05.⁶⁹ U.S. production increased as well during the 1990s, and in crop year 2004/05 U.S. production was 346.8 million pounds.⁷⁰

Iranian exports of raw in-shell pistachios to the European Union ("EU"), its main export market to which it sends 16 percent of its production,⁷¹ fell drastically after the EU suspended such imports for three months in 1997 after detecting levels of aflatoxin contamination 200 times above normal levels. In terms of quantity, the EU's raw in-shell pistachio imports from Iran fell 21.0 percent from 1996 to 1997, and fell another 68.7 percent from 1997 to 1998.⁷² In June 2004, the EU warned Iran that imports of pistachios would be banned, and gave Iran six months to reduce from 16 percent to 10 percent the quantity of consignments rejected by the EU for aflatoxin contamination.⁷³ Since January 2005, the EU has required every shipment of pistachios from Iran to be tested and certified by Iranian authorities as compliant with the EU's aflatoxin limits before export and by EU authorities upon import into the EU. The EU also limits Iranian pistachio imports to certain EU ports of entry and requires the consigner to be

⁶² Subject imports declined from 14.9 million pounds in crop year 1985/86 to 5.4 million pounds in crop year 1986/87. CR/PR at Table I-8. Information contained in the record indicates that 183,607 pounds of pistachios were imported into the United States from Iran in 1987. CPC *et al.* Response to Notice of Institution, Exh. 4.

⁶³ CR/PR at Table I-2, PR at IV-1, CR at IV-1.

⁶⁴ CR at IV-5, IV-7, PR at IV-1, IV-6.

⁶⁵ CR at IV-7, PR at IV-6. We note that the data in the record regarding Iran's total exports of raw in-shell pistachios are available only through 2003. *See* CR/PR at Table IV-2.

⁶⁶ CR at IV-5, PR at IV-1; CR/PR at Table III-1.

⁶⁷ Data regarding Iran's actual production are available from several sources, and these sources' data vary. *See* CR at II-4 n.5, PR at II-3 n.5. However, these data clearly show that Iran is a very large producer of pistachios.

⁶⁸ CR at IV-5, PR at IV-1, IV-5.

⁶⁹ CR at IV-5, PR at IV-5.

⁷⁰ CR/PR at Table III-1.

⁷¹ CR at II-5, IV-7, PR at II-4, IV-6.

⁷² The EU's imports of raw in-shell pistachios from Iran totaled 186.1 million pounds in 1996, 147.0 million pounds in 1997 and 45.9 million pounds in 1998. CR/PR at Table IV-4.

⁷³ CR at IV-14, PR at IV-12.

liable for the associated expenses.⁷⁴ Shipments rejected at EU ports may be re-exported to other markets, including the United States.⁷⁵ The constraints on Iran's shipments to the EU would make the United States, with its higher tolerance for aflatoxin and less stringent inspection regimen, an attractive market upon revocation of the antidumping duty order.

At the time of the original investigation, the volume of subject imports from Iran increased quickly, as described above. It is likely to do so again if the order is revoked, given the large size and heavy export orientation of the industry in Iran, the substitutability of the subject and domestic products and the restrictions in the EU. All this information leads to a finding that subject import volume would likely be significant upon revocation of the order.

We have additionally considered the existing countervailing duty order in our analysis of whether the likely volume of subject imports would be significant if the antidumping duty order is revoked. The order was imposed in 1986, with a countervailing duty rate of 99.52 percent *ad valorem*. There have been two administrative reviews and one new shipper review since the order was imposed. A new shipper review in 2003 yielded a net subsidy rate for raw in-shell pistachios exported by Iranian exporter Nima that were produced by Maghsoudi of 23.18 percent *ad valorem*. An administrative review in 2003 concerning Iranian exporter RPPC found a countervailing duty rate of 49.77 percent *ad valorem*. There was a second administrative review in 2005 concerning Nima/Razi, finding a net subsidy rate of 0.00 percent *ad valorem*. In all three instances, Commerce found countervailing duty rates substantially lower than those found in its original investigation because a number of subsidy programs reviewed were either no longer in existence or not used during its period of review.⁷⁶ Therefore, the record indicates that the amount of subsidies provided to the Iranian industry has declined or ceased, making future duties under the countervailing duty order likely to be substantially lower than 99.52 percent.^{77 78} Thus, we find that, notwithstanding the existing countervailing duty order, the likely volume of subject imports will be significant if the antidumping duty order is revoked, especially in light of the size of the industry in Iran and its strong economic incentives to ship to the United States.

We therefore find that the likely volume of imports of raw in-shell pistachios from Iran would be significant if the order were revoked.

D. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the antidumping duty order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the

⁷⁴ CR at V-10, PR at V-5. Moreover, adverse publicity in the EU surrounding aflatoxins found in imports from Iran depressed demand in that market for all pistachios, and for imports from Iran in particular. Tr. at 21 (Mr. Reilly), 44 (Mr. Phillimore) and 130-32 (Ms. Reinecke).

⁷⁵ Tr. at 82-84 (Mr. Phillimore, Mr. Nichols, and Ms. Cohen).

⁷⁶ CR/PR at App. E.

⁷⁷ Given the economic incentives faced by Iran to ship exports of raw in-shell pistachios to the United States, even the initial high countervailing duty deposit rate would not necessarily preclude a significant increase in the volume of subject imports, if the antidumping duty order were revoked.

⁷⁸ Commissioner Pearson does not join this statement. He bases his finding of likely volume effects on the demonstrated ability of Iranian exporters to increase rapidly exports to the United States, the size of the Iranian industry and the substitutability of the products, but does not endorse the view that an existing countervailing duty of nearly 100 percent is unlikely to restrain imports significantly in the event the antidumping duty order is revoked.

United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.⁷⁹

Raw in-shell pistachios are a commodity product.⁸⁰ Purchasers reported that price is an important factor in their purchasing decisions.⁸¹ Few purchasers reported qualifying or requiring certifications for their suppliers.⁸²

In the original investigation, the Commission found that subject import prices were consistently and significantly below prices for domestic pistachios. While direct comparisons of domestic and imported pistachios presented some difficulties because of the wide variety of pistachio sizes and the lack of conformity of size categories, declining trends in prices for both domestic and imported pistachios were unmistakable. As a result, the Commission found that there was widespread underselling and price depression.⁸³

The pricing data in this review show that U.S. prices have increased since 1986.⁸⁴ At the same time, a report from the U.S. Department of Agriculture indicates that Iran has used low prices in order to gain market share from the United States in China.⁸⁵ Moreover, available price data indicate that subject merchandise from Iran is sold in third-country markets at prices that are lower than comparable U.S. prices.⁸⁶ Because of Iran's export orientation and large production, Iranian exporters have the same incentive to undersell the domestic product in order to gain U.S. market share as they did at the time of the original investigation. Should the antidumping duty order no longer be in place, it is likely that the same adverse price effects will recur in the United States that were present before the antidumping duty order went into effect.

Accordingly, we find that the revocation of the order would be likely to lead to significant underselling by subject imports of the domestic product, as well as significant price depression or suppression, within a reasonably foreseeable time.

E. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the antidumping duty order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the

⁷⁹ 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

⁸⁰ See Tr. at 26, 29, 33 (Mr. Steinberger).

⁸¹ CR at II-10, PR at II-6, CR/PR at Table II-1.

⁸² CR at II-14, PR at II-9.

⁸³ USITC Pub. 1875 at 13.

⁸⁴ CR/PR at Table V-2; see also CR/PR at Table V-1. The only current data in the record show pricing comparisons between domestic product sold in the United States and Iranian product sold in a third country.

⁸⁵ Cal-Pure Pistachios Prehearing Brief, Exh. 20.

⁸⁶ CR/PR at Table V-2.

industry, including efforts to develop a derivative or more advanced version of the domestic like product.⁸⁷ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.⁸⁸ As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the order is revoked.⁸⁹

In the original investigation, the Commission found material injury to the domestic industry as evidenced by declines in the domestic industry's market share commensurate with Iran's increased market share, in spite of domestic increases in consumption, production and shipments. The Commission also found declines in profitability for both growers and processors.⁹⁰

In this review, in view of the domestic industry's substantial market share and shipments, as well as its favorable employment data and financial data,⁹¹ we do not find the industry vulnerable. As stated above, however, we find that, if the antidumping duty order were revoked, there would likely be significant increases in the volume of subject imports and that these increases would likely undersell the domestic product and significantly depress or suppress U.S. prices. This would lead to a likely erosion of the U.S. market share and a decline in production and shipments.⁹² Sales would also likely decline, as would the profitability of the domestic industry. Capital expenditures and employment would likely decline.⁹³

Accordingly, based on the limited record in this review, we conclude that if the antidumping order was revoked, subject imports from Iran would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

CONCLUSION

For the above-stated reasons, we determine that revocation of the antidumping duty order on raw in-shell pistachios from Iran would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

⁸⁷ 19 U.S.C. § 1675a(a)(4).

⁸⁸ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. In the final results of its expedited sunset review, Commerce found a likely dumping margin of 241.14 percent. 70 Fed. Reg. 57855 (Oct. 4, 2005).

⁸⁹ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

⁹⁰ USITC Pub. 1875 at 9.

⁹¹ CR/PR at Table I-2.

⁹² CR/PR at Table D-3.

⁹³ CR/PR at Tables D-3, D-4.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On March 1, 2005, the U.S. International Trade Commission (“Commission”) gave notice,¹ pursuant to section 751(c) of the Tariff Act of 1930 (“the Act”),² as amended, that it had instituted a five-year (“sunset”) review to determine whether revocation of the antidumping duty order on raw in-shell pistachios³ from Iran would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.⁴ On June 6, 2005, the Commission determined that the domestic interested party group response to its notice of institution was adequate,⁵ and that the respondent group response was inadequate, but that circumstances warrant a full review.⁶ Effective June 6, 2005, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act.⁷ Information relating to the background of this review is presented in table I-1.⁸

¹ 70 FR 9976, March 1, 2005.

² 19 U.S.C. § 1675(c).

³ “Raw in-shell pistachios” are harvested, raw, in-shell pistachio nuts from which the hulls have been removed, leaving the inner hard shells and edible meats, which are dried to a moisture content of 4-6 percent, and graded. See section entitled *The Subject Product* in this part of the report for additional information on the scope and tariff treatment.

⁴ In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping duty orders concurrently with the Commission’s notice of institution. 70 FR 9919, March 1, 2005.

⁵ The Commission received one response to its notice of institution from domestic interested parties in the subject review, filed on behalf of the California Pistachio Commission and the Western Pistachio Association (“domestic interested parties”). See response of domestic interested parties, April 20, 2005.

The membership of the California Pistachio Commission is composed of all 610 California growers of in-shell raw pistachios. It was established in 1981 by the legislature of the State of California to provide support to its grower-members through marketing, public relations, government relations, and the funding of production research. The WPA is a trade association that represents all interests of the domestic pistachio industry, including pistachio growers, pistachio processors, and associated service entities. Its membership is composed of 195 members in 16 states, including 165 domestic pistachio growers and four domestic processors.

⁶ Vice Chairman Deanna Tanner Okun and Commissioners Charlotte R. Lane and Daniel R. Pearson voted to conduct a full review because the Commission has not previously conducted a five-year review on this order. Chairman Stephen Koplan and Commissioners Marcia E. Miller and Jennifer A. Hillman voted to conduct an expedited review. Consequently, when the Commission is evenly divided, a full review is conducted.

⁷ 70 FR 35116, June 16, 2005.

⁸ The Commission’s notice of institution, notice to conduct a full review, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission’s web site (internet address www.usitc.gov). Commissioners’ votes on whether to conduct an expedited or full review may also be found at the web site.

Table I-1
Raw in-shell pistachios: Chronology of investigation No. 731-TA-287 (Review)

Date	Action	Applicable <i>Federal Register</i> citations
July 17, 1986	Commerce issues antidumping duty order	51 FR 25922
March 1, 2005	Commerce initiation of a five-year review	70 FR 9919
March 1, 2005	Commission institution of a five-year review	70 FR 9976
June 6, 2005	Commission votes to conduct a full five-year review	70 FR 35116 (June 16, 2005)
June 30, 2005	Commission schedules full five-year review	70 FR 37867
September 27, 2005	Commerce issues final results of expedited review	70 FR 57855 (October 4, 2005)
October 11, 2005	Commission's hearing	
December 1, 2005	Commission's vote	
December 15, 2005	Commission's transmittal of determination and views to Commerce	
Source: Cited <i>Federal Register</i> notices.		

This is the Commission's first five-year review of the antidumping duty order on raw in-shell pistachios from Iran. Although the antidumping duty order on raw in-shell pistachios has been in place since 1986, due to a U.S. trade embargo with Iran from 1987-2000,⁹ the antidumping duty order was not previously reviewed. This review was initiated in March 2005 because it has been five years since the embargo was lifted.¹⁰

⁹ In 1987, President Ronald Reagan found that the Government of Iran was actively supporting terrorism as an instrument of state policy, and had conducted aggressive and unlawful military action against non-belligerent shipping in the Persian Gulf region. Accordingly, on October 29, 1987, the President issued Executive Order 12613 imposing an import embargo on Iranian-origin goods and services (52 FR 41940, October 30, 1987). Section 505 of the International Security and Development Cooperation Act of 1985 ("ISDCA") was utilized as the statutory authority for the embargo which gave rise to the Iranian Transactions Regulations ("ITR"), Title 31 Part 560 of the U.S. Code of Federal Regulations.

¹⁰ On March 17, 2000, the Secretary of State announced that sanctions against Iran would be eased to allow U.S. persons to purchase and import carpets and food products such as dried fruits, nuts, and caviar from Iran. This change was implemented through amendments to the ITR at the end of April 2000. *See What You Need to Know About U.S. Economic Sanctions*, Office of Foreign Assets Control, U.S. Department of the Treasury, March 12, 2003, presented in the April 20, 2005, response of domestic interested parties to the Commission's notice of institution ("domestic interested parties' response to notice of institution"), exh 3.

The Original Investigation

On September 26, 1985, a petition was filed with Commerce and the Commission by counsel on behalf of the California Pistachio Commission (“CPC”); Blackwell Land Co.; California Pistachio Orchards; Keenan Farms, Inc.; Kern Pistachio Hulling & Drying Co-Op; Los Ranchos de Poco Pedro; Pistachio Producers of California; and T.M. Duche Nut Co., Inc. The petitioners alleged that an industry in the United States was materially injured and threatened with material injury by reason of imports from Iran of raw in-shell pistachio nuts, which were being, or were likely to be, sold in the United States at less than fair value (“LTFV”).¹¹ On May 23, 1986, Commerce made a final affirmative determination of sales at LTFV regarding subject imports from Iran.¹² On July 14, 1986, the Commission made its final affirmative injury determination.¹³ On July 17, 1986, Commerce published an antidumping duty order on the imports of subject merchandise from Iran.¹⁴

Concurrent with the filing of the antidumping petition in September 1985, the petitioners filed a countervailing duty petition concerning imports of raw in-shell pistachios and certain roasted in-shell pistachios from Iran. On March 11, 1986, Commerce published a countervailing duty order (C-507-501) on raw in-shell pistachios, finding a net bounty or grant rate of 99.52 percent *ad valorem*.¹⁵ The Commission was not required to make an injury determination concerning the countervailing duty petition since Iran was not a “country under the Agreement” within the meaning of 701(b) of the Act, as amended.^{16 17} Additional information regarding the countervailing duty order on imports of raw in-shell pistachios from Iran is contained in appendix E.

Summary of Data From the Original Investigation and Review

Table I-2 presents a summary of data from the original investigation and from this review. A summary of data collected in this review is presented in appendix C.

¹¹ See Commission’s notice of institution, 50 FR 40460, October 3, 1985.

¹² 51 FR 18919, May 23, 1986. The final weighted-average antidumping duty margin was 241.14 percent *ad valorem* for Rafsanjan Pistachio Producers Cooperative and all other manufacturers, producers, and exports of raw in-shell pistachios from Iran.

¹³ The Commission determined that an industry in the United States was threatened with material injury by reason of imports from Iran of pistachio nuts, not shelled. 51 FR 25408, July 14, 1986, and *In-Shell Pistachio Nuts From Iran*, Inv. No. 731-TA-287 (Final), USITC Pub. 1875 (July 1986), p. 1.

¹⁴ 51 FR 25922.

¹⁵ 51 FR 8344. A copy of the countervailing duty order on raw in-shell pistachios is presented in Cal Pure Pistachio’s posthearing brief, exh. 6.

¹⁶ 19 U.S.C. 1671(b).

¹⁷ In February 1986, petitioners filed an additional countervailing duty petition with respect to imports of roasted in-shell pistachios from Iran. On October 7, 1986, Commerce published a countervailing duty order (C-507-601) on roasted in-shell pistachios, finding a net subsidy rate of 317.89 percent *ad valorem* (51 FR 35679).

Table I-2
Raw in-shell pistachios: Comparative data of the U.S. market and industry from the original investigation and current review, crop years 1982/83-1985/86, and 1999/2000-2004/05

Quantity in 1,000 pounds; value in \$1,000; unit values, unit labor costs, and unit financial data are per pound, and shares/ratios in percent										
Item	1982/83	1983/84	1984/85	1985/86	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
U.S. consumption quantity:										
Amount	20,870	31,559	47,150	61,061	104,864	125,887	114,316	125,283	112,678	166,254
U.S. producers' share	70.1	81.9	53.8	56.3	99.7	99.2	99.5	99.8	99.5	99.8
U.S. importers' share:										
Iran	19.8	15.9	45.2	42.3	0.0	0.0	0.0	0.0	0.0	0.0
Turkey	(¹)	(¹)	(¹)	(¹)	0.3	0.7	0.4	0.1	0.4	0.2
All other sources	10.1	2.2	1.0	1.4	0.0	0.0	0.0	0.0	0.1	0.0
Total imports	29.9	18.1	46.2	43.7	0.3	0.8	0.5	0.2	0.5	0.2
U.S. import quantity from:										
Iran	4,123	5,008	21,309	25,841	0	0	28	1	0	0
Turkey	1,836	462	146	28	280	936	455	156	434	395
All other sources	274	243	321	809	40	14	47	56	122	6
Total imports	6,233	5,713	21,776	26,678	319	949	530	213	556	402
U.S. processors:										
Capacity quantity	37,433	42,933	52,341	58,841	175,110	195,110	201,210	274,210	274,210	311,210
Production quantity	43,430	26,455	63,052	24,912	80,327	121,347	133,579	181,646	111,973	193,785
Cap. utilization ratio ²	92.6	92.4	109.8	52.6	45.9	62.2	66.4	66.2	40.8	62.3
U.S. shipments:										
Quantity	21,653	22,070	34,986	15,171	56,093	81,235	94,989	98,927	120,022	110,883
Value	(¹)	(¹)	(¹)	(¹)	117,051	137,879	153,488	179,723	224,460	230,627
Unit value	(¹)	(¹)	(¹)	(¹)	\$2.09	\$1.70	\$1.62	\$1.82	\$1.87	\$2.08
U.S. exports:										
Quantity	(¹)	3,881	2,951	3,313	12,303	16,735	32,530	31,805	38,071	58,972
Value	(¹)	8,802	5,896	5,957	25,312	28,247	53,547	58,381	69,457	122,168
Unit value	(¹)	\$2.27	\$2.00	\$1.80	\$2.06	\$1.69	\$1.65	\$1.84	\$1.82	\$2.07
EOP inventory quantity	22,380	29,181	40,582	24,884	14,958	23,839	35,308	57,932	29,833	39,887
Inventories/total shipments	411.3	302.2	275.9	370.2	21.9	24.3	27.7	44.3	18.9	23.5
Production workers	977	1,252	1,423	1,631	489	639	626	771	660	843
Hours worked (1,000 hours)	1,195	1,931	2,224	2,318	559	710	760	810	803	992
Wages paid (\$1,000)	10,994	16,032	19,537	20,921	4,955	6,922	7,835	8,425	7,542	9,566
Hourly wages	\$9.20	\$8.30	\$8.78	\$9.03	\$8.86	\$9.75	\$10.30	\$10.41	\$9.40	\$9.64
Productivity (pounds/per hour)	36.3	13.7	28.4	10.7	108.3	119.4	139.8	149.0	114.6	127.1
Unit labor costs (per pound)	\$0.25	\$0.61	\$0.31	\$0.84	\$0.08	\$0.08	\$0.07	\$0.07	\$0.08	\$0.08
Net sales: ⁴										
Quantity	(¹)	(¹)	(¹)	(¹)	76,595	102,902	128,544	124,680	171,239	148,996
Value	***	9,545	11,246	13,868	151,312	186,055	202,440	222,996	314,846	298,690
Unit sales value	***	(¹)	(¹)	(¹)	\$1.98	\$1.81	\$1.57	\$1.79	\$1.84	\$2.00
Cost of goods sold	***	7,122	9,055	11,820	136,329	172,383	193,719	202,704	275,950	274,418
Gross profit or (loss)	***	2,423	2,191	2,048	14,983	13,672	8,721	20,292	38,896	24,272
Operating income or (loss)	***	808	1,195	870	5,134	1,479	(2,653)	8,156	24,386	10,213
Unit cost of goods sold	***	(¹)	(¹)	(¹)	\$1.78	\$1.68	\$1.51	\$1.63	\$1.61	\$1.84
Unit operating income or (loss)	***	(¹)	(¹)	(¹)	\$0.07	\$0.01	\$(0.02)	\$0.07	\$0.14	\$0.07
Cost of goods sold/sales	***	74.6	80.5	85.2	90.1	92.7	95.7	90.9	87.6	91.9
Operating income or (loss)/sales	***	8.5	10.6	6.3	3.4	0.8	(1.3)	3.7	7.7	3.4

¹ Data not presented in original report.

² Capacity utilization was computed on the basis of shipments plus inventories.

³ Not applicable.

⁴ Financial results for the initial investigation period are for 4 corporations. Cooperative financial results for the initial investigation are not reported in the above format and are therefore not presented. Financial results for the initial investigation, as presented here, were for fiscal years 1982 through 1985. Financial results for the current review primarily represent calendar years 1999 through 2004.

Source: Original staff report (INV-J-109), June 25, 1986, Table 4, p. A-23, data submitted in response to Commission questionnaires, and official Commerce statistics.

U.S. industry data are based on public data compiled by the U.S. Department of Agriculture (“USDA”) and the questionnaire responses of 91 growers believed to account for approximately 51 percent of U.S. production,¹⁸ and 11 processors¹⁹ that are believed to account for approximately 85 percent of U.S. production during the review period.²⁰ U.S. import data are based on official Commerce statistics, except as noted. Responses by U.S. producers and purchasers of raw in-shell pistachios to a series of questions concerning the significance of the existing antidumping duty order and the likely effects of revocation are presented in appendix D.

Statutory Criteria and Organization of the Report

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury—

- (1) *IN GENERAL.— . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account—*
- (A) *its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
 - (B) *whether any improvement in the state of the industry is related to the order or the suspension agreement,*
 - (C) *whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*
 - (D) *in an antidumping proceeding . . . , (Commerce’s findings) regarding duty absorption . . .*
- (2) *VOLUME.—In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*

¹⁸ Responding U.S. growers accounted for approximately 56 percent of the U.S. industry “capacity” based on harvested/bearing acreage.

¹⁹ *** responding processors, *** did not provide usable data. Of these *** firms, only *** is believed to be ***.

²⁰ Based on CPC production data (presented in table I-7) of firms supplying the Commission with usable data.

- (A) *any likely increase in production capacity or existing unused production capacity in the exporting country,*
 - (B) *existing inventories of the subject merchandise, or likely increases in inventories,*
 - (C) *the existence of barriers to the importation of such merchandise into countries other than the United States, and*
 - (D) *the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.*
- (3) *PRICE.—In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether—*
- (A) *there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and*
 - (B) *imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.*
- (4) *IMPACT ON THE INDUSTRY.—In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to—*
- (A) *likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,*
 - (B) *likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and*
 - (C) *likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.*

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy.”

Information relating to the original investigation, the first five-year review, and injury determination is presented in Part I. Information on conditions of competition and other relevant economic factors is presented in Part II. Part III contains information on the condition of the U.S. industry, including the financial experience of U.S. producers. Information on the likely volume and price effects of imports is presented in Parts IV and V, respectively.

COMMERCE’S RESULTS OF EXPEDITED FIVE-YEAR REVIEW

On October 4, 2005, Commerce published the final results of its expedited review of the antidumping duty order on raw in-shell pistachios from Iran. Commerce determined that revocation of the antidumping duty order on raw in-shell pistachios from Iran would likely lead to continuation or recurrence of dumping at a weighted average margin of 241.14 percent *ad valorem* for Rafsanjan Pistachio Producers Cooperative (“RPPC”), Tehran Negah Nima Trading Company (“Nima”)/Maghsoudi Farms (“Maghsoudi”), Nima/Razi Domghan Agricultural and Animal Husbandry Company (“Razi”), and all other Iranian growers, producers, and exporters of raw in-shell pistachios.²¹

COMMERCE’S NEW SHIPPER AND ADMINISTRATIVE REVIEWS

Since the imposition of the antidumping duty order in July 1986, Commerce has conducted one new shipper review and one administrative review of the antidumping duty order on raw in-shell pistachios from Iran and initiated but subsequently rescinded four other administrative antidumping duty reviews. Information regarding Commerce’s new shipper and administrative antidumping duty reviews is presented in table I-3.

²¹ 70 FR 57855.

Table I-3
Raw in-shell pistachios: Commerce's new shipper and antidumping duty administrative reviews

Date of action	Action	Federal Register citation	Period of review	Weighted-average antidumping margins		
				Nima	RPPC	Country-wide rate
				Percent ad valorem		
New shipper antidumping reviews:						
01/03/2003	Final Results	68 FR 353	07/01/2000-06/30/2001	144.05	(¹)	241.14
Antidumping duty administrative reviews:						
04/10/2001	Rescinded ²	66 FR 18609	07/01/1999-06/30/2000	(¹)	(³)	241.14
08/07/2002	Rescinded ⁴	67 FR 51193	07/01/2000-06/30/2001	(¹)	(³)	241.14
04/07/2003	Rescinded ⁵	68 FR 16764	07/01/2001-06/30/2002	(³)	(³)	241.14
02/14/2005	Final Results ⁶	70 FR 7470	07/01/2002-06/30/2003	18.74	(¹)	241.14
04/07/2005	Rescinded ⁷	70 FR 17655	07/01/2003-06/30/2004	(³)	(³)	241.14
¹ The company was not the subject of this administrative review and remained subject to the country-wide rate. ² The administrative review was rescinded because the party requesting the review, Cyrus Marketing (an importer), withdrew its request for the review. ³ This firm was a subject of the administrative review. However, no action was taken since the administrative review was withdrawn prior to the issuance of final results. ⁴ Commerce rescinded the administrative review because there were no sales of subject merchandise by RPPC to the United States during the period of review. ⁵ The administrative review was rescinded because both parties requesting the review, the CPC and Cyrus Marketing, withdrew their requests for the review. ⁶ The administrative review only applied to subject imports from Nima (exporter) produced by Razi (producer). ⁷ The administrative review was rescinded because both parties requesting the review, the CPC and Cal-Pure Pistachios, withdrew their requests for the review.						
Source: Cited <i>Federal Register</i> notices.						

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET FUNDS TO AFFECTED DOMESTIC PRODUCERS

Since September 21, 2001, the Continued Dumping and Subsidy Offset Act of 2000 ("CDSOA") (also known as the Byrd Amendment) provides that assessed duties received pursuant to antidumping or countervailing duty orders must be distributed to affected domestic producers for certain qualifying expenditures that these producers incur after the issuance of such orders.²² During the period of review, Keenan Farms applied for and received disbursements from the U.S. Customs and Border Protection ("Customs") under CDSOA relating to the subject antidumping order: \$4,624 in Federal fiscal year 2003 and \$6,407 in 2004.^{23 24}

²² Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)).

²³ U.S. Customs and Border Protection's CDSOA *Annual Reports*. Retrieved at www.cbp.gov/xp/cgov/import/add_cvd/. Additional qualified producers include Blackwell Land, California Pistachio Orchard, T.M. Duche Nut, Kern Pistachio Hulling & Drying, Los Ranchos de Poco Pedro, and Pistachio Producers of California (70 FR 52158, June 1, 2005).

²⁴ Keenan Farms also received CDSOA disbursements with respect to the countervailing duty order on raw in-shell pistachios from Iran: \$3,246 in 2004. With respect to the countervailing duty order on roasted in-shell

(continued...)

THE SUBJECT PRODUCT

Commerce has defined the imported product subject to the antidumping duty order under review as—

raw, in-shell pistachio nuts from which the hulls have been removed, leaving the inner hard shells, and edible meats from Iran. This merchandise is currently provided for in subheading 0802.50.20.00 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, the Department's written description of the merchandise under order is dispositive.²⁵

Table I-4 presents current tariff rates for imports of raw in-shell pistachios. The subject merchandise is currently classifiable under the Harmonized Tariff Schedule for the United States (“HTS”) subheading 0802.50.20.

Table I-4
Raw in-shell pistachios: Tariff rates, 2005

HTS subheading ¹	Article description ²	General ³	Special ⁴	Column 2 ⁵
		Rates (percent ad valorem)		
0802	Other nuts, fresh or dried:			
0802.50.20	Pistachios: In-shell:	0.9¢/kg	Free	5.5¢/kg

¹ While HTS subheadings are provided for convenience and customs purposes, the written description of the scope is dispositive.
² An abridged description is provided for convenience; however, an unabridged description may be obtained from the respective headings, subheadings, and legal notes of the HTS.
³ Normal trade relations rates, formerly known as the most-favored-nation duty rate.
⁴ For eligible goods under the Generalized System of Preferences, Australia Free Trade Agreement, Caribbean Basin Economic Recovery Act, Andean Trade Preference Act, Israel Free Trade Agreement, Jordan Free Trade Agreement, Chile Free Trade Agreement, Singapore Free Trade Agreement, and NAFTA-originating goods of Canada and Mexico.
⁵ Applies to imports from a small number of countries that do not enjoy normal trade relations duty status, applicable to imports from Iran. The importation of raw in-shell pistachios from Iran was prohibited by the U.S. government from October 29, 1987, to March 17, 2000.

Source: Harmonized Tariff Schedule of the United States (2005).

²⁴ (...continued)
pistachios, Keenan Farms received \$41,790 in fiscal year 2004.

²⁵ Commerce’s final results of the expedited sunset review of the antidumping duty order (70 FR 57855, October 4, 2005).

THE DOMESTIC LIKE PRODUCT

In its original determination, the Commission found the appropriate domestic like product to be raw in-shell pistachio nuts that have been harvested, hulled, dried to a moisture content of 4-6 percent, and graded.²⁶ The Commission also found that the domestic industry consisted of “those producers that grow pistachio nuts and those firms that process the pistachio nuts from hulling through grading.”²⁷ The domestic interested parties indicated in their response to the Commission’s notice of institution in this review that they agree with the Commission’s definitions of the domestic like product and the domestic industry as found in the Commission’s original determination.²⁸

Description and Uses

Raw in-shell pistachios are those pistachios that have been harvested, hulled, dried, and graded, but not further processed (i.e., salted, dyed, or roasted). Pistachio nuts are seeds from the fruit of *Pistacia vera L.*, whose family also includes cashews and mangoes. Pistachios, believed to be indigenous to Iran, have been widely cultivated from Central Asia to the Mediterranean region for centuries. The nuts are less than one inch long and grow inside the fruit of the tree, or nut “hull.” Figure I-1 shows examples of a pistachio orchard, a pistachio tree, a pistachio cluster, and roasted in-shell pistachios. Figure I-2 presents nutritional information for pistachios.

²⁶ *In-Shell Pistachio Nuts From Iran*, Inv. No. 731-TA-287 (Final), USITC Pub. 1875 (July 1985), p. 5.

²⁷ *Ibid.*, p. 8. During the preliminary investigation in 1985, the Commission considered including firms that roast pistachios as part of the domestic industry, but ultimately determined that only growers and “firms that process pistachio nuts from hulling to grading” constitute the domestic industry in this case.

On May 9, 1986, prior to Commerce’s final antidumping determination in the original investigation, Commerce published in the *Federal Register* a notice clarifying the scope of its antidumping investigation to include roasted in-shell pistachio nuts in the same class or kind of merchandise as raw in-shell pistachio nuts (51 FR 17220). On May 23, 1986, Commerce published in the *Federal Register* its final antidumping determination that had the scope of investigation defined to include “certain raw and roasted in-shell pistachio nuts” (51 FR 18919). Subsequently, on June 26, 1986, Commerce published a notice in the *Federal Register* that rescinded the May 9, 1986, clarification and amended the notice of its final determination insofar as it involved roasted in-shell pistachios. Accordingly, the scope of Commerce’s antidumping investigation included only raw in-shell pistachio nuts. See *In-Shell Pistachio Nuts From Iran*, Inv. No. 731-TA-287 (Final), USITC Pub. 1875 (July 1986), p. A-2

²⁸ Domestic interested parties’ response to notice of institution, p. 28.

Figure I-1
Examples of a pistachio orchard, a pistachio tree, a pistachio cluster, and roasted in-shell pistachios



Pistachio Orchard



Pistachio Tree



Pistachio Clusters on Tree



Roasted In-Shell Pistachios

Source: University of California at Davis, retrieved at <http://atm.ucdavis.edu>, and the California Pistachio Commission.

**Figure I-2
Pistachios: Nutritional information**

CALIFORNIA PISTACHIOS		
SERVING SIZE INFORMATION		
49 ROASTED / SALTED PISTACHIO KERNELS 1oz. (28.35g)		
	Amount Per Serving	Percent Daily Value*
Calories	170	9%
Calories from Fat	110	
MACRONUTRIENTS		
Total Fat	13g	20%
Saturated Fat	1.5g	8%
Trans Fat	0g	
Polyunsaturated Fat	4g	
Monounsaturated Fat	7g	
Cholesterol	0mg	0%
Sodium	160mg	7%
Potassium	300mg	9%
Total Carbohydrate	9g	3%
Dietary Fiber	3g	12%
Sugars	2g	
Protein	6g	12%
VITAMINS & MINERALS		
Vitamin A		2%
Vitamin C		<2%
Calcium		4%
Iron		6%
Vitamin E		6%
Thiamin		15%
Vitamin B-6		20%
Folate		4%
Phosphorus		15%
Magnesium		8%
Zinc		4%
Copper		20%
Manganese		15%
Selenium		4%
* Percent Daily Values are based on a 2000 calorie diet. Daily Values may be higher or lower depending on your caloric needs. Data from the USDA National Nutrient Database for Standard Reference, Release 16 (2003)		

Source: California Pistachio Commission, retrieved at <http://www.pistachios.org/HealthNut/ServingSize.asp>.

Prior to maturity and while still on the trees inside the hull, the nuts tend to split naturally at one side without discharging the kernel. The split shell allows pistachios to be marketed largely in-shell for fresh consumption, since kernels can be easily extracted by the consumer without mechanical cracking. Pistachio trees are grown in dry lands with warm or temperate climates as they require long hot summers for fruit maturation, as well as a significant period of cold temperatures.

Pistachio trees, like many other nut trees, are “alternate bearing,” in that they produce a heavy crop one year and a lighter crop the next.²⁹ This is due to the fact that inflorescence buds are initiated, develop partially, but then abscise³⁰ during heavy crop years. For this reason, a light (small) crop year typically follows a heavy (large) crop. Certain trees in an orchard may produce as much as 75 percent of a full crop in “off” years, whereas other trees may produce only 25 percent.³¹ According to the CPC, there are seven pistachio tree nurseries in California.³²

Named for Iran’s major pistachio region, virtually all U.S. pistachios are of the Kerman variety, which is preferred due to its larger nut size and widely split shells. Drawbacks of this cultivar are a pronounced alternate-bearing cycle, a considerable number of “blanks” (nuts without kernels), and nuts with unsplit shells.³³

The USDA establishes standards for grades of in-shell pistachio nuts.³⁴ In-shell pistachio nuts that are considered “U.S. Fancy,” “U.S. Extra No. 1,” “U.S. No. 1,” and “U.S. Select” must be free from foreign material, loose kernels, shell pieces, other particles, blanks (nuts with out kernels), non-split shells, stains, immature kernels, spotted kernels, kernels damaged by insects, mold, rancidity, or decay. To be considered one of these grades, the size of the nut must be not less than 30/64 inch in diameter. Each grade corresponds to varying tolerances (measured by percent of weight) for each of the above-mentioned criteria. Size designations are indicated by the average number of nuts per ounce and are as follows: colossal (less than 18), extra large (18-20), large (21-25), medium (26-30), and small (more than 30).

²⁹ According to the CPC, last year (2004) was an “on year” with California production of 347 million pounds; 2003 was an “off year” with production of 118 million pounds; 2002 was an “on year” with production of 304 million pounds. Overall, the industry has been experiencing a trend of production growth in both “on year” and “off year” harvests. Hearing transcript, p. 163 (Reinecke).

³⁰ Abscission is the natural separation of flowers, fruit, or leaves from plants at a special separation layer.

³¹ According to Blackwell Farm & Company (“Blackwell Farm”), the time between taking orders for pistachio trees to field planting is approximately three years. As of the end of the 2005 harvest in October 2005, Blackwell Farm is now taking orders for trees to be delivered in February of 2008. Hearing transcript, p. 13 (Blackwell).

³² See CPC web site retrieved on October 26, 2005, at <http://www.pistachios.org/Industry/Industry.asp#grades>.

³³ Nuts with unsplit shells are often the result of stress to the pistachio tree, which can occur during extreme weather conditions.

³⁴ See *United States Standards for Grades of Pistachio Nuts in the Shell*, USDA, Agricultural Marketing Service, Fruit and Vegetable Programs, Fresh Products Branch, September 22, 2003, retrieved on October 26, 2005 at <http://www.pistachios.org/data/pistinsh.pdf>.

Pistachios are a popular snack food and are used as an ingredient in both sweet and savory foods, such as ice cream or pâtés. At the time of the original investigation, almost 90 percent of U.S. pistachios were sold in-shell for fresh consumption.³⁵ That figure may have decreased slightly in recent years due to the U.S. industry's efforts to expand its presence in the food-manufacturing (food ingredient) sector. Pistachio nuts for snacking are generally marketed in-shell, while kernels are marketed for use as food ingredients. Raw pistachios that are subject to this review (in-shell and dried to 4 to 6 percent moisture) are generally marketed to food processors as an input to produce further processed in-shell pistachios for snacks, such as salted and/or roasted pistachios.

Production Process

Most commercial pistachio orchards in the United States are planted in square or triangular arrangements with spacings of 11 to 30 feet between trees. Fruit occurs 4 to 5 years after transplanting, with the first economically significant crops obtained in the 7th or 8th year. Although most commercial pistachio production outside the United States is non-irrigated, even during extended rainless periods, many U.S. growers provide up to 3 acre-feet of water through the summer, which greatly increases production.

Harvesting begins when the pistachios mature,³⁶ indicated by the tan hull of the fruit acquiring a reddish blush color and becoming loosened from the nut inside. Ideally, removal from the tree takes place within 7 to 10 days of this stage. The harvested fruit must then be hulled and dried within 24 hours to avoid stained shells and aflatoxin contamination.³⁷ Mature trees (10 years or older) are harvested by conventional shake-harvest equipment used for almonds.³⁸ Figure I-3 presents pictures of the harvesting process.

Fruit are then fed through a machine containing rotating rubberized belts, which removes the fruit flesh and leaves the nut shell exposed. Hulled nuts are floated and washed, while the hulls themselves are composted and used for fertilizer. Nuts that did not split naturally at maturity ("non-splits") are then separated from split nuts, and split mechanically for in-shell consumption or shelled for sale as kernels to be used as a food ingredient. Nuts are then dried in large forced-air driers to a moisture content of 4-6 percent, then stored in large bins for further processing (roasting, salting, etc.). Figure I-4 presents a production process flow chart.

Producers in the Middle East often harvest pistachios by hand rather than mechanically, leaving the hulls on the nuts for longer periods of time which can result in shell stains. Imported pistachio nuts prior to the mid-1970s were often dyed red to hide the stains. The mechanization of the U.S. industry has reduced shell staining considerably and most U.S. in-shell pistachios are marketed in their natural color.

³⁵ *In-Shell Pistachio Nuts From Iran*, Inv. No. 731-TA-287 (Final), USITC Pub. 1875 (July 1986), p. A-5.

³⁶ Pistachio nuts are harvested in the United States in September and October; the U.S. pistachio crop year runs from September to August. The crop year runs from October to September in Iran.

³⁷ Aflatoxin is a substance found in mold and has been linked to cancer in the liver and kidneys. It is a naturally occurring toxin which grows in soil when decaying vegetation, hay, and grains undergo microbiological deterioration in the presence of moisture and high temperatures. Of all the types of aflatoxin strains, aflatoxin B1 is considered the most toxic.

³⁸ In the United States, pistachio trees are trained during their first five years to establish a full canopy of fruiting wood, with no branches lower than 3 feet above the soil surface to facilitate trunk shaker attachment.

Figure I-3
Pistachios: Pictures of the harvesting process



1 A mechanical harvester moving into position



4 Pistachios are loaded in boxes



2 A mechanical harvester shaking tree



5 Boxes are then loaded on trucks



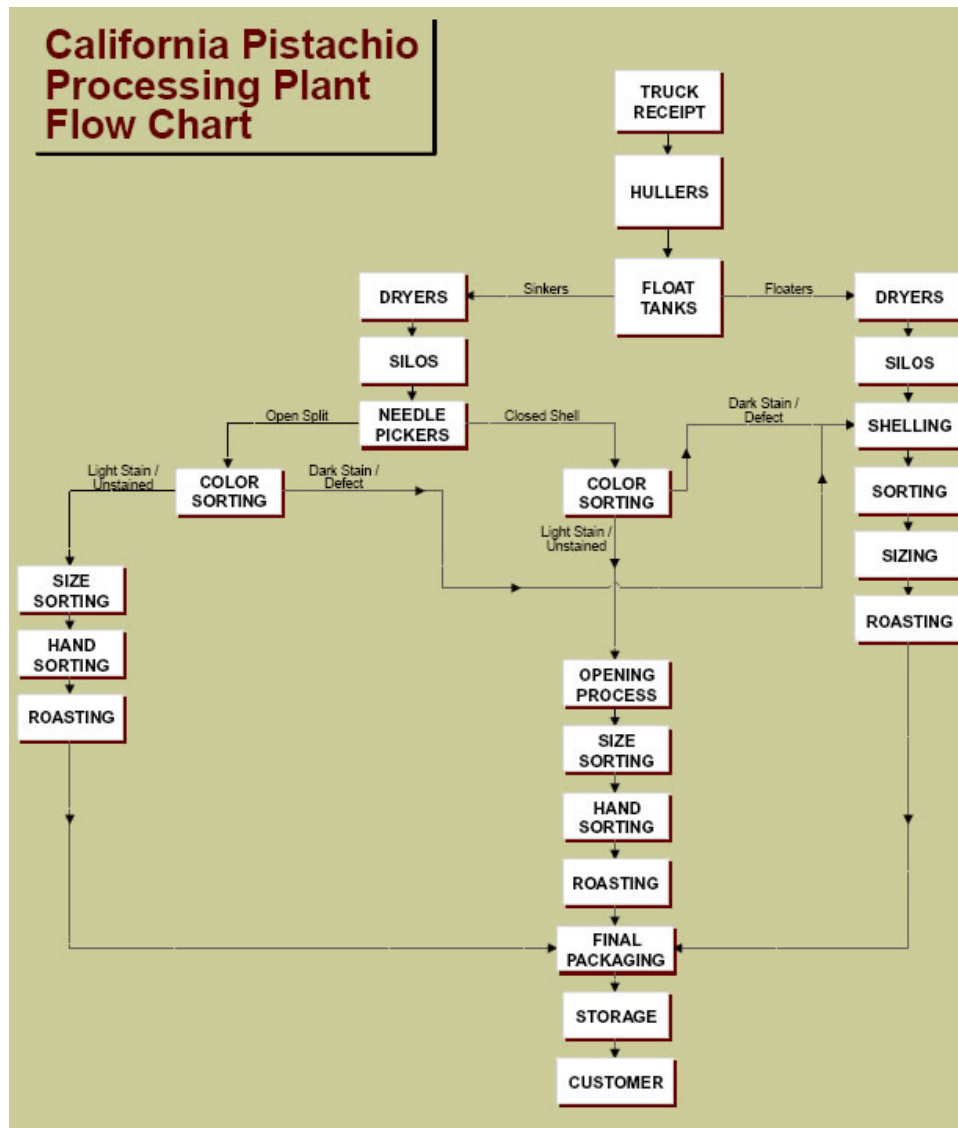
3 A look inside the mechanical harvester



6 Pistachios entering the processing plant

Source: California Pistachio Commission.

Figure I-4
Raw in-shell pistachios: Typical flow of a pistachio processing plant



Source: California Pistachio Commission, retrieved at <http://www.pistachios.org/Industry/Industry.asp>.

Channels of Distribution

Pistachios that have been dried 4 to 6 percent must be further dried (i.e., roasted) before being made available to consumers. As such, there is reportedly no retail market for raw in-shell pistachios, and the purchasers of raw in-shell pistachios are processors, custom roasters, and certain traders.³⁹ Figure I-5 presents a schematic diagram of the channels of distribution for pistachios.

Table I-5 presents U.S. growers' and processors' shipments of raw in-shell pistachios by channels of distribution. The majority of U.S. growers' shipments of raw in-shell pistachios went to related processors/roasters. The majority of U.S. processors' domestic shipments went to unrelated distributors.

In 1981, the CPC was established to promote the pistachio industry through public relations, government relations, marketing, and production research. The CPC is funded by an assessment of each pound produced in the state, and assists grower-members with the development of the industry in both domestic and export markets.⁴⁰ Figure I-6 presents examples of the current CPC marketing and promotion campaign.

California pistachio producers established a marketing agreement in February 2005 which sets standards and requires testing for quality and for aflatoxin levels.⁴¹ Setting quality standards may stimulate demand by increasing consumer confidence in the safety of U.S. pistachios owing to the fact that an event of aflatoxin poisoning could have the reverse effect. The marketing order states that no pistachios should be shipped that exceed an aflatoxin level of 15 parts per billion (ppb).⁴²

³⁹ E-mail from ***, September 21, 2005.

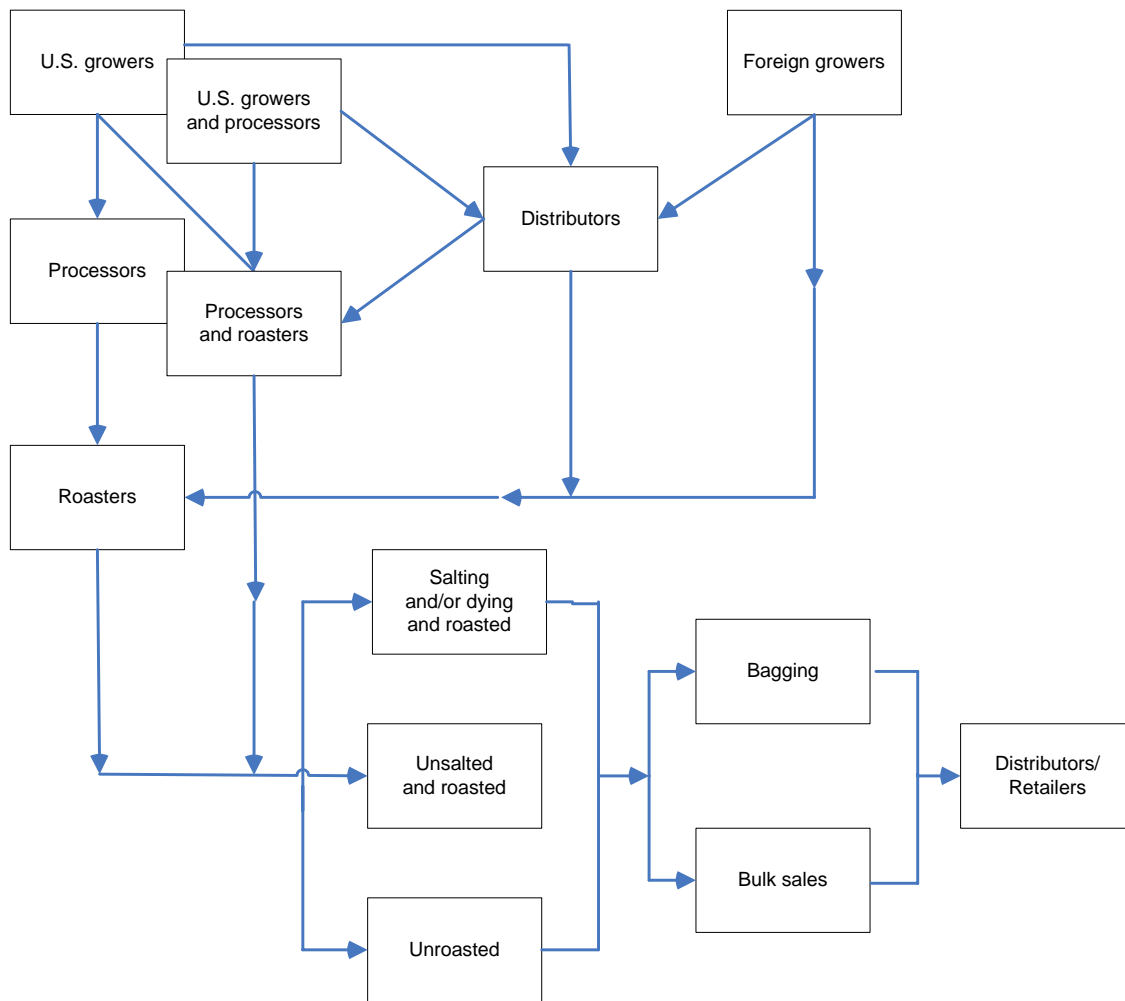
⁴⁰ CPC web site retrieve on November 1, 2005, at <http://www.pistachios.org/History/History.asp>.

⁴¹ See Marketing Order (7 CFR Part 983), effective August 1, 2005, coinciding with the start of the 2005 harvest.

⁴² The USDA, through the Food Safety and Inspection Service (FSIS) currently allows for an aflatoxin level of 20 ppb, which is the level applicable to imports of pistachios. Hearing transcript, p. 21 (Reilly).

Although there is no specific recommendation for aflatoxin levels in pistachios by the World Health Organization, its *Codex Alimentarius* food guidelines recommend a 15 ppb limit for peanuts. Individual country limits for aflatoxin levels in pistachios range from zero to 20 ppb.

Figure I-5
Pistachios: Schematic diagram of channels of distribution



Source: California Pistachio Commission (as presented in *In-Shell Pistachios From Iran*, Inv. No. 731-TA-287 (Final), USITC Pub. 1875 (July 1986), p. A-15, fig. 3), updated September 2005.

Table I-5
Raw in-shell pistachios: U.S. growers' and processors' domestic shipments, by channels of distribution,¹ crop years 1999/2000 to 2004/05

Item	Crop years					
	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
	Quantity (1,000 pounds, processed weight basis)					
Growers' shipments to:						
Processors with no roasting operations	***	***	***	***	***	***
Roasters without processing operations	***	***	***	***	***	***
Processors/roasters:						
Related	***	***	***	***	***	***
Unrelated	***	***	***	***	***	***
Subtotal	51,334	104,701	66,978	124,067	55,011	143,527
Distributors	***	***	***	***	***	***
Other	***	***	***	***	***	***
Total	***	***	***	***	***	***
	Share of growers' reported U.S. shipments (percent)					
Growers' shipments to:						
Processors with no roasting operations	***	***	***	***	***	***
Roasters without processing operations	***	***	***	***	***	***
Processors/roasters:						
Related	***	***	***	***	***	***
Unrelated	***	***	***	***	***	***
Subtotal	89.0	98.3	89.8	98.9	85.7	99.2
Distributors	***	***	***	***	***	***
Other	***	***	***	***	***	***
Total	***	***	***	***	***	***
	Quantity (1,000 pounds, processed weight basis)					
Processors' shipments to:						
Roasters	788	174	3,474	4,143	3,287	4,158
Distributors	3,214	5,155	5,108	6,590	6,799	6,754
Rebaggers	885	1,474	1,410	1,829	1,927	1,908
Others	0	0	0	0	0	0
Total	4,887	6,803	9,992	12,562	12,013	12,820
	Share of processors' reported U.S. shipments (percent)					
Processors' shipments to:						
Roasters	16.1	2.6	34.8	33.0	27.4	32.4
Distributors	65.8	75.8	51.1	52.5	56.6	52.7
Rebaggers	18.1	21.7	14.1	14.6	16.0	14.9
Others	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
¹ Includes shipments to related and unrelated firms.						
Source: Compiled from data submitted in response to Commission questionnaires.						

Figure I-6
Pistachios: Examples of the California Pistachio Commission's marketing and promotion campaign



Source: California Pistachio Commission.

U.S. MARKET PARTICIPANTS

U.S. Growers

Although the pistachio was introduced into California in 1854, the first commercial crop was not harvested until 1976. Since that time, thousands of acres of new orchards have been planted in the United States, and research has provided insight on improved tree husbandry. U.S. production has increased rapidly and currently supplies virtually all of the U.S. market. While some limited production exists in Arizona,⁴³ New Mexico, and West Texas, approximately 98 percent of U.S. pistachios are grown in California.⁴⁴

At the time of the original investigation, U.S. pistachio crop acreage was 47,000 acres.⁴⁵ Since that time, acreage has increased steadily. According to the most recent USDA data, there were 1,320 pistachio farms on 126,569 acres in 2002.⁴⁶ In 2002, 204 farms had 100 acres or more.

The Commission sent growers' questionnaires to over 400 firms identified as U.S. producers of raw in-shell pistachios.⁴⁷ Ninety-one responding firms reported growing pistachios since September 1, 1999, and accounted for approximately 51 percent of U.S. production of raw in-shell pistachios during crop year 2004/05. Table E-1 in appendix E presents a list of responding U.S. growers of pistachios, the location of firms' growing operations, and share of U.S. production in crop year 2004/05.

⁴³ The following tabulation presents data on acreage and production in Arizona for the period 1995-2000:

Item	Calendar years					
	1995	1996	1997	1998	1999	2000
Acres in production (<i>acres</i>)	2,383	2,935	2,735	2,735	2,800	2,700
Utilized production (<i>1,000 pounds</i>)	5,719	4,900	7,983	3,897	4,900	4,000
Value of production (<i>\$1,000</i>)	5,490	5,537	9,021	7,717	7,350	3,920
Unit value (<i>per pound</i>)	\$0.96	\$1.13	\$1.13	\$1.98	\$1.50	\$0.98

Source: Arizona Agriculture Statistics Service, *Commodity Profile: Pistachios*, Henrich Brunke, Agricultural Marketing Resource Center, University of California, November 2003.

⁴⁴ Hearing transcript, p. 8 (Reinecke). See also *Commodity Profile: Pistachios*, Henrich Brunke, Agricultural Marketing Resource Center, University of California, November 2003.

⁴⁵ *In-Shell Pistachio Nuts From Iran*, Inv. No. 731-TA-287 (Final), USITC Publication 1875 (July 1986), p. A-10.

⁴⁶ *2002 Census of Agriculture*, USDA, National Agricultural Statistics Service, 2004. The Census counts individual farms as separate operating units, although several farms may be owned by the same grower. The CPC reports the number of growers in the 400 to 600 range in the most recent years, counting growers that own multiple farms only once.

⁴⁷ U.S. growers were identified from the CPC's membership list provided by the domestic interested parties. Domestic interested parties' response, exh. 1.

U.S. Processors

In the United States, processors generally perform the hulling and drying operations on the nuts, which are purchased directly from the growers. The CPC identified 18 U.S. firms that currently hull and dry pistachios,⁴⁸ and 10 grower/processors that handle over 80 percent of pistachio volume in the United States.⁴⁹ At the time of the original investigation, there was a significant amount of vertical integration between growers and processors, and there have been no material changes in industry structure since then.

The Commission sent processors' questionnaires to all firms identified by the CPC as processors and/or suppliers of raw in-shell pistachios. Nine responding firms reported processing/drying raw in-shell pistachios, and accounted for approximately 80 percent of U.S. production of raw in-shell pistachios during the crop year 2004/05.⁵⁰ Table I-6 presents a list of responding U.S. processors of raw in-shell pistachios, the locations of firms' production operations, positions on the continuation of the order, and shares of U.S. production in crop year 2004/05.

Although growers and processors perform distinct functions, there is a substantial amount of vertical integration. Some processing companies are owned by growers, some processors own pistachio acreage, and some are cooperatives of growers. Table I-7 presents data on the volume of pistachios harvested by U.S. processors from their own acreage and the volume of pistachios processed by processors in crop year 2004. According to the data provided, 38.7 percent of processed pistachios were grown on processor-owned acreage in crop year 2004. As such, the level of vertical integration in the U.S. industry producing raw in-shell pistachios has not changed since 1986, when it was reported that 40 percent of pistachios grown domestically were processed by firms from their own acreage.⁵¹

U.S. Importers

According to proprietary information from Customs, there were *** importers of raw in-shell pistachios from Iran during the period January 1999-August 2005.⁵² Since 1989, there have been virtually no U.S. imports of raw in-shell pistachios from Iran (*see* Part IV of this report).

⁴⁸ See domestic interested parties posthearing brief, answers to questions, p. IV-3; and CPC's list of processors/suppliers retrieved at <http://www.pistachios.org/Industry/Industry.asp#processors>, October 24, 2005. The website identified 12 firms that hull and dry pistachios, and fourteen that perform roasting operations.

⁴⁹ The following California pistachio processors currently represent 82 percent of U.S. industry volume: A&P Growers, Artois Nut Company, Buchanan Hollow Nut Company, California Pistachio Orchards, Gold Coast Pistachios, Keenan Farms, Nichols Farms, Paramount Farms, Primex Farms, and Smith & Sons. Notice of California Pistachio Marketing Agreement, *FoodNews*, September 2004, p. 33.

⁵⁰ Coverage is based on processing volume data submitted by the CPC in its posthearing brief. Domestic interested parties posthearing brief, answers to questions, p. IV-3.

⁵¹ *In Shell Pistachios from Iran*, Inv. No. 731-TA-287 (Final), USITC Publication 1875 (July 1986), p. A-8, fn 2.

⁵² The *** importers of record were ***.

Table I-6
Raw in-shell pistachios: U.S. processors, locations of production operations, and shares of reported U.S. production in crop year 2004/05

Firm	Location of production operations		Supports continuation of order			U.S. production in crop-year 2004/05		Comments
	City	State	Yes	No	NP ¹	Quantity	Share	
						1,000 lbs.	Percent	
A&P Growers Cooperative	Tulare	CA	***	***	***	***	***	***
Big Al's Pistachio	Newberry Springs	CA	***	***	***	***	***	***
C&C Quality Pistachios	Rancho Palos Verdes	CA	***	***	***	***	***	***
California Pistachio Orchards	Kettleman City	CA	***	***	***	***	***	***
Keenan Farms	Avenal	CA	✓			***	***	***
Nichols Pistachio	Hanford	CA	✓			***	***	***
Nurses Pistachio Orchard	Paso Robles	CA	***	***	***	***	***	***
Paramount Farms ²	Lost Hills	CA	✓			***	***	***
Primex Farms ³	Wasco	CA	***	***	***	***	***	***
Setton Pistachio of Terra Bella ⁴	Terra Bella	CA	✓			***	***	***
Smith & Sons Pistachios	Bakersfield	CA	***	***	***	***	***	***
Total			8	2	1	193,785	100.0	

¹ Firm takes no position.

² Paramount Farms grows pistachios on 28,000 acres and is the largest producer of pistachios in the Western Hemisphere, retrieved on September 15, 2005, http://www.paramountfarms.com/about_grow.html.

³ Primex Farms ***.

⁴ Setton Pistachio of Terra Bella grows pistachios in partnership with other growers on 5,000 acres, and has a pistachio processing facility located on 36 acres with over 150,000 square feet of processing capabilities, including cold, dry and silo storage in excess of 60 million pounds, retrieved on September 15, 2005, <http://www.settonfarms.com/index.cfm?fuseaction=pistachios.home>.

⁵ Firm did not supply data.

⁶ Data not available.

Note: Production data reported above do not reconcile with data presented in table I-7. The above data do not include production of ***. As an example, those products/activities accounted for approximately *** percent of ***'s processing volume during 2004/05. E-mails from ***, November 2, 2005; and ***, November 8, 2005. Such data, however, are included in table I-7.

Source: Compiled from data submitted in response to Commission questionnaires.

Table I-7
Raw in-shell pistachios: U.S. processors' pistachio harvest grown on processor-owned acreage and processed production, crop year 2004/05

Firm	Crop year 2004			
	Pistachios harvested from own acreage	Total pistachios processed ¹	Share of overall industry volume	Share of processed volume from pistachios grown on own acreage
	Pounds		Percent	
A&P Growers	***	***	***	***
Artois Nut	***	***	***	***
Buchanan Hollow	***	***	***	***
California Hi-Desert	***	***	***	***
California Pistachio Orchards	***	***	***	***
Fiddymet Farms	***	***	***	***
Gold Coast Pistachios	***	***	***	***
Hamilton Pistachios	***	***	***	***
J&J Byrne Pistachios	***	***	***	***
Keenan Farms	***	***	***	***
Monarch Nut	***	***	***	***
Nichols Farms	***	***	***	***
Nurses Pistachio Orchard	***	***	***	***
Orandi	***	***	***	***
Paramount Farms	***	***	***	***
Primex Farms	***	***	***	***
Setton of Terra Bella	***	***	***	***
Smith & Sons	***	***	***	***
Total	134,096,987	346,669,497	100.0	38.7

¹ The CPC considers "processing" to include hulling and drying and/or roasting; therefore, the data presented for processed pistachios include firms' roasting operations.

Note: Production data reported above do not reconcile with data presented in table I-7. The above data include production of ***. As an example, those products/activities accounted for approximately *** percent of ***'s processing volume during 2004/05. E-mails from ***, November 2, 2005; and ***, November 8, 2005. Such data, however, are not included in table I-6.

Source: California Pistachio Commission's grower database, as presented in the posthearing brief of CPC/WPA, p. IV-3 (as revised on October 25, 2005).

APPARENT U.S. CONSUMPTION AND MARKET SHARES

During the 1986-2004 period, U.S. production increased steadily as consumer demand in the United States and around the world grew. Per capita consumption in the United States has risen from an average of 0.08 pound per capita in the 1980s to an average of 0.2 pound since 2000.⁵³ Although in general U.S. consumption of nuts is low, and pistachios lower than most other nuts, U.S. consumption of pistachios increased 40 percent from crop year 2000/01 to 2004/05. Increased production accompanied by lower prices has contributed to this trend, as well as recent research and marketing that has touted the health benefits attributed to nuts.

At the time of the original investigation the U.S. industry exported between 10 and 15 percent of its annual crop. Over the last five crop years (2000/01-2004/05), U.S. exports as a share of domestic production ranged between 29 and 63 percent. U.S. exports, which are known for both their high quality and high cost, have taken much of the European Union (“EU”) market in recent years. The U.S. industry targets buyers in other affluent markets such as Japan, Canada, and Australia. The United States is focusing its export efforts on those markets that are concerned with aflatoxin and food safety.⁵⁴

Table I-8 presents data on apparent U.S. consumption for crop years 1981/82-2004/05 on a “shelled” basis.⁵⁵ Table I-9 presents data on apparent U.S. consumption and U.S. market shares based on an “in-shell” basis for the crop years 1999/2000-2004/05.

⁵³ *Fruit and Tree Nuts Outlook*, Economic Research Service, USDA, May 22, 2002.

⁵⁴ “Reduced carry-over and harvest predicted for 2005 U.S. pistachios,” *FoodNews*, March 18, 2005.

⁵⁵ USDA data for pistachios are typically presented on a “shelled” (out-of-the-shell) basis rather than on an “in-shell” basis. Each year, USDA determines a conversion ratio for a particular year; however, on average, a “shelled” weight basis is roughly one half of an “in-shell” weight basis, with several factors considered including the average nut size and the percentage of closed vs. open shell.

Table I-8
Pistachios: U.S. production, beginning stocks, ending stocks, exports, domestic shipments, imports, and apparent U.S. consumption, crop years 1981/82-2004/05¹

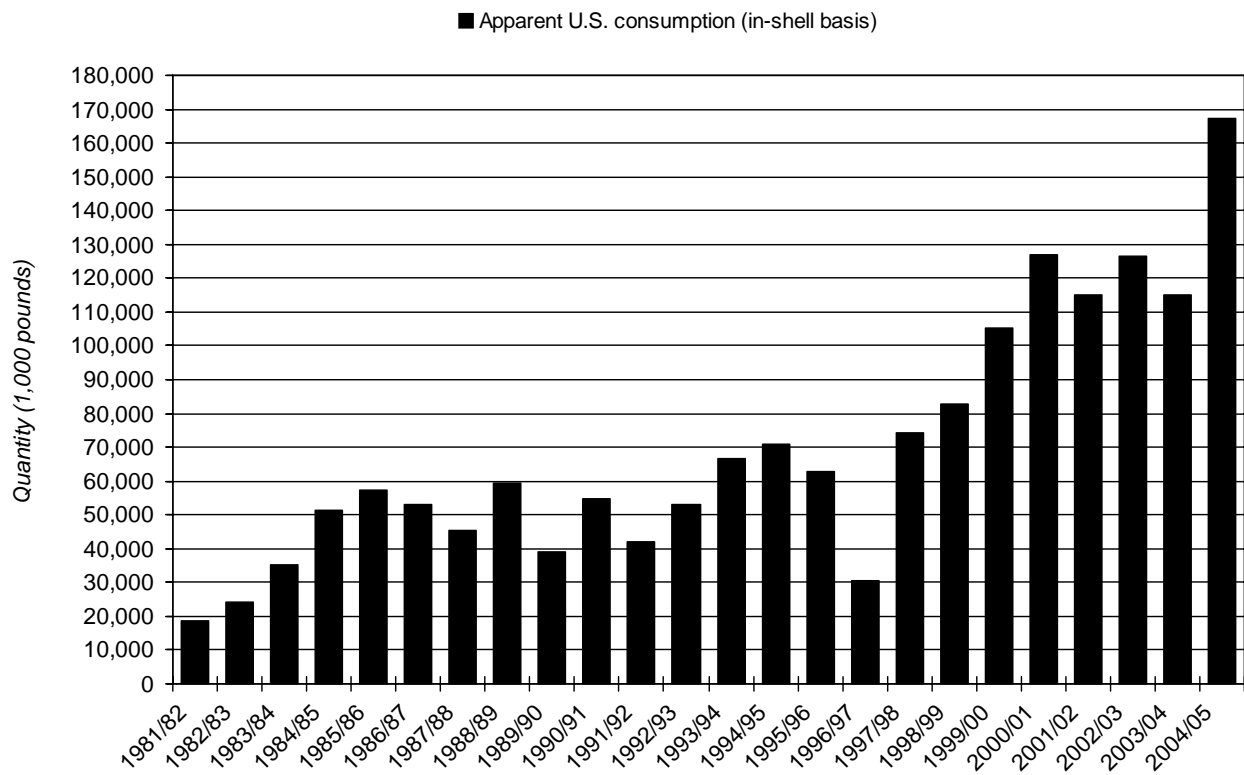
Crop years	Marketable Production	Beginning stocks	Ending stocks	Exports	Domestic shipments	Imports	Apparent consumption	
							Quantity	Per capita
Quantity (1,000 pounds)								
Pounds								
Shelled basis:								
1981/82	5,888	5,135	2,061	1,480	7,482	1,817	9,299	0.04
1982/83	16,986	2,061	6,581	3,247	9,219	2,819	12,038	0.05
1983/84	11,115	6,581	4,977	1,815	10,904	6,683	17,587	0.07
1984/85	27,507	4,977	11,256	2,758	18,470	7,284	25,754	0.11
1985/86	11,518	11,256	7,362	1,658	13,754	14,875	28,629	0.12
1986/87	31,005	7,362	15,005	2,183	21,179	5,357	26,536	0.11
1987/88	14,579	15,005	5,487	3,469	20,628	2,166	22,794	0.09
1988/89	44,752	5,487	14,897	6,442	28,900	854	29,754	0.12
1989/90	18,029	14,897	10,045	5,519	17,362	2,124	19,486	0.08
1990/91	42,047	10,045	16,864	8,682	26,546	853	27,399	0.11
1991/92	25,476	16,864	6,072	15,413	20,855	250	21,105	0.08
1992/93	65,362	6,072	17,595	27,763	26,076	396	26,472	0.10
1993/94	61,911	17,595	25,672	21,066	32,768	494	33,262	0.13
1994/95	51,250	25,672	16,825	25,275	34,822	732	35,554	0.13
1995/96	59,504	16,825	13,795	31,540	30,994	422	31,416	0.12
1996/97	40,425	13,795	7,696	32,202	14,322	944	15,266	0.06
1997/98	74,930	7,696	9,742	36,150	36,734	417	37,151	0.14
1998/99	78,208	9,742	21,264	25,793	40,893	549	41,442	0.15
1999/2000	58,083	21,264	10,462	19,803	49,082	297	49,379	0.18
2000/01	114,164	10,462	33,329	32,641	58,656	920	59,576	0.21
2001/02	80,733	33,329	12,425	44,744	56,893	532	57,425	0.20
2002/03	149,513	12,425	56,180	44,449	61,309	764	62,073	0.21
2003/04	56,217	56,180	22,941	35,551	53,905	1,459	55,364	0.19
2004/05 ²	172,008	22,941	42,779	69,244	82,926	736	83,662	0.28
In-shell basis:								
1981/82	11,776	10,270	4,122	2,960	14,964	3,634	18,598	0.08
1982/83	33,972	4,122	13,162	6,494	18,438	5,638	24,076	0.10
1983/84	22,230	13,162	9,954	3,630	21,808	13,366	35,174	0.14
1984/85	55,014	9,954	22,512	5,516	36,940	14,568	51,508	0.22
1985/86	23,036	22,512	14,724	3,316	27,508	29,750	57,258	0.24
1986/87	62,010	14,724	30,010	4,366	42,358	10,714	53,072	0.22
1987/88	29,158	30,010	10,974	6,938	41,256	4,332	45,588	0.18
1988/89	89,504	10,974	29,794	12,884	57,800	1,708	59,508	0.24
1989/90	36,058	29,794	20,090	11,038	34,724	4,248	38,972	0.16
1990/91	84,094	20,090	33,728	17,364	53,092	1,706	54,798	0.22
1991/92	50,952	33,728	12,144	30,826	41,710	500	42,210	0.16
1992/93	130,724	12,144	35,190	55,526	52,152	792	52,944	0.20
1993/94	123,822	35,190	51,344	42,132	65,536	988	66,524	0.26
1994/95	102,500	51,344	33,650	50,550	69,644	1,464	71,108	0.26
1995/96	119,008	33,650	27,590	63,080	61,988	844	62,832	0.24
1996/97	80,850	27,590	15,392	64,404	28,644	1,888	30,532	0.12
1997/98	149,860	15,392	19,484	72,300	73,468	834	74,302	0.28
1998/99	156,416	19,484	42,528	51,586	81,786	1,098	82,884	0.31
1999/2000	123,717	45,292	22,284	42,180	104,545	633	105,177	0.38
2000/01	243,169	22,284	70,991	69,525	124,937	1,960	126,897	0.45
2001/02	161,466	66,658	24,850	89,488	113,786	1,064	114,850	0.40
2002/03	305,007	25,347	114,607	90,676	125,070	1,559	126,629	0.43
2003/04	116,931	116,854	47,717	73,946	112,122	3,035	115,157	0.40
2004/05 ²	344,016	45,882	85,558	138,488	165,852	1,472	167,324	0.56

¹ Data from original source reported on a "shelled basis." However, in order to provide consistency with data reported elsewhere in the report, the "shelled basis" data have been converted to an "in-shell basis." The following conversion factors were used: 2.00 for crop years prior to 1999/2000; 2.13 for crop year 1999/2000; 2.13 in 2000/01; 2.0 in 2001/02; 2.04 in 2002/03; 2.08 in 2003/04, and 2.00 in 2004/05. Conversion factors were obtained from the *Fruit and Tree Nuts Situation and Outlook Yearbook*, FTS 2005, October 2004, Table E-16, fn. 1, Economic Research Service, U.S. Department of Agriculture.

² Preliminary estimates.

Source: *Fruit and Tree Nuts Situation and Outlook Yearbook*, FTS 2005, October 2005, Table E-16, Economic Research Service, U.S. Department of Agriculture.

Figure I-7
Raw in-shell pistachios: Apparent U.S. consumption, crop years 1981/82-2004/05



Source: Table I-8.

Table I-9

Raw in-shell pistachios: U.S. shipments of domestic product, U.S. imports, apparent U.S. consumption, and market shares, by sources, crop years 1999/2000-2004/05

Item	Crop years (September 1-August 31)					
	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
	Quantity (1,000 pounds)					
U.S. producers' U.S. shipments ¹	104,544	124,937	113,786	125,070	112,122	165,852
U.S. imports from—						
Iran	0	0	28	1	0	0
Turkey	280	936	455	156	434	395
All other sources	40	14	47	56	122	6
Total U.S. imports	319	949	530	213	556	402
Apparent U.S. consumption	104,863	125,886	114,316	125,283	112,678	166,254
	Share of quantity (percent)					
U.S. producers' U.S. shipments	99.7	99.2	99.5	99.8	99.5	99.8
U.S. imports from—						
Iran	0.0	0.0	0.0	0.0	0.0	0.0
Turkey	0.3	0.7	0.4	0.1	0.4	0.2
All other sources	0.0	0.0	0.0	0.0	0.1	(²)
Total U.S. imports	0.3	0.8	0.5	0.2	0.5	0.2
¹ Conversion of shelled basis to in-shell basis using the following conversion factors: 2.13 for crop year 1999/2000; 2.13 in 2000/01; 2.0 in 2001/02; 2.04 in 2002/03; 2.08 in 2003/04, and 2.00 in 2004/05. For conversion factors, see <i>Fruit and Tree Nuts Situation and Outlook Yearbook</i> , FTS 2005, October 2004, Table E-16, fn. 1, Economic Research Service, U.S. Department of Agriculture.						
² Less than 0.05 percent.						
Source: Compiled from table I-8 and from official Commerce statistics.						

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET SEGMENTS AND CHANNELS OF DISTRIBUTION

Most (almost 90 percent in 2004/05) of the raw in-shell pistachios that are dried and processed in the United States are consumed internally by processors. Internally consumed raw in-shell pistachios typically are either roasted or shelled to get to the kernel (nutmeat) of the pistachio, and then further processed or sold. Most sales of raw in-shell pistachios to outside entities are sold to distributors. Sales are also made to roasters or firms that package and sell various types of nuts (rebaggers). In the end, pistachios can be eaten either raw or roasted, salted or unsalted, shelled or unshelled, and dyed, blanched, or uncolored. The majority of consumption is as a roasted, salted, in-shell pistachio. Purchasers noted that some raw in-shell pistachios are being sold to industrial, baking, and confectionary users as well. A very small percentage of raw in-shell pistachios reportedly are sold via the internet.

Five of nine responding domestic processors of raw in-shell pistachios sell throughout the United States. On the other hand, three *** processors *** sell only on a regional basis—three to the West Coast, two to the Southeast and one each to the Northeast, Mid-Atlantic, Midwest, and Southwest.

U.S. SUPPLY: DOMESTIC PRODUCTION FOR THE U.S. MARKET

Supply Characteristics

In the original investigation, domestic supply was noted to be “highly unresponsive to changes in the domestic price, at least in the short run.”¹ Domestic production is constrained by the 7 to 10 year lag between planting and the pistachio tree’s first bearing. As such, converting pistachio orchards to other uses would require writing off large development costs. The increasing price of land also constrains the ability to increase the production of pistachios. Because pistachio trees are alternate-bearing (i.e., they bear a large amount of nuts one year, and a small amount the next), pistachio supplies normally fluctuate. Since the original investigation, however, some processors have begun to keep pistachios in inventory, which they reportedly could not risk doing without the antidumping order placed on imported pistachios from Iran.² Based on available information, staff believes that U.S. raw in-shell pistachio processors are likely to respond to changes in demand with moderate changes in shipments of domestic pistachios to the U.S. market; however, as inventories and, to a lesser degree, exports are drawn down or depleted, the domestic supply of raw in-shell pistachios is likely to be highly unresponsive to changes in the domestic price in the short-run.

Industry Capacity

Most of the pistachio-bearing capacity in the United States is located in California. Between 2000 and 2004, California accounted for approximately 96.5 percent of domestic acreage.³ U.S. processors’ reported capacity utilization for raw in-shell pistachios increased irregularly, from 45.9 percent in 1999/2000 to 62.3 percent in 2004/05, despite the addition of 82.5 percent more capacity during that period. The highest level of capacity utilization since 1999/2000 was 66.4 percent, which was

¹ Memorandum EC-J-263, USITC, June 30, 1986, p. 6.

² See e.g., *** processor/dryer questionnaire, pp. 31-32.

³ Domestic interested parties’ response to notice of institution, p. 15. Other estimates have indicated that California accounts for 98 percent of the domestic industry.

achieved in 2001/02. This level of capacity utilization indicates that U.S. producers of raw in-shell pistachios have significant available capacity with which they could increase production in the event of a price change, if weather and harvesting conditions are ripe. However, processors can only process what has been harvested, so they would be able to process an approximately 50-percent larger harvest than the record harvest of 2004/05.

Alternative Markets

Domestic processors' exports, as a percentage of total shipments, were fairly large and increasing during the period 1999 to 2005; exports accounted for between 15.0 and 16.4 percent of total shipments during 1999/2000 and 2000/01, but increased to between 23.4 and 24.0 percent in the next three years, and 33.3 percent in 2004/05.

Four processors noted that their pistachios are subject to tariffs in other countries. *** included a table in its processor questionnaire response that indicates that tariffs range between 1.6 percent for the EU to 10 percent for China and 30.5 percent for India, though some countries maintain a duty-free status for raw in-shell pistachios (e.g., Australia, Canada, Japan, New Zealand, and Switzerland).

The proportionally large amount of exports indicates that domestic raw in-shell pistachio exporters are not likely to be constrained in their ability to shift shipments between other markets and the United States in response to price changes. However, despite the large amount of exports, six processors reported that shifting to other markets would be difficult. *** indicated that there is a large market concentration among roaster/rebaggers (three account for an estimated 60 percent of domestic pistachio exports to the EU), and the EU has strict aflatoxin requirements.⁴ It further reported that other markets are small in comparison to the EU and therefore would be difficult to increase sales greatly. *** also stated that, in markets such as China, shipments could be increased only via lower prices to get consumers to substitute pistachios for other salty snacks. *** noted its difficulty would be in the short-term due to 12-month contracts, new packaging requirements for overseas sales, and increased offshore marketing efforts. On the other hand, one processor (***) reported shifting to different markets is easy, and a major factor is the U.S. dollar exchange rate.

Inventory Levels

Since pistachio trees are an alternate-bearing crop, yields are of a cyclical nature. As such, U.S. processors' end-of-year inventories, as a share of their total shipments, fluctuated between 1999 and 2005. The ratio increased from 21.9 percent in 1999/2000 to 44.3 percent in 2002/03, decreased to 18.9 percent in 2003/04 during the smaller crop year, but increased to 23.5 percent in 2004/05. Based on the moderate levels of inventories, U.S. processors do have some ability to respond to changes in demand with changes in the quantity shipped.

⁴ An aflatoxin is a substance found in mold. One particular type of aflatoxin (B1) has been linked to cancer. As such, many countries have implemented regulations for maximum concentrations of aflatoxins contained in pistachios.

Production Alternatives

Growers of pistachios have a number of alternative uses for their land including other types of nut trees, fruit trees, carrots, and pomegranates. However, to do so would require investment in a new set of crops and machinery. Domestic processors do not have many alternatives to processing and drying raw pistachios. Only one processor indicated using the same equipment and machinery to process another crop (almonds) since 1986. All processors noted that they are not able to switch to producing other goods in response to a change in price.

U.S. SUPPLY: THE POTENTIAL OF SUBJECT IMPORTS TO SUPPLY THE U.S. MARKET

Based on available information, staff believes that raw in-shell pistachio producers in Iran are likely to respond to changes in demand with large changes in shipments of pistachios to the U.S. market.⁵ Factors contributing to this degree of responsiveness of supply are discussed below. One of seven responding purchasers indicated that it might purchase less from domestic sources, and one might consider a promotion based on country of origin. Five of seven responding purchasers noted the market would see a change in price, with some noting a possible oversupply of Iranian pistachios.

Iran is the world's largest grower of pistachios. According to ***, the 2004/05 Iranian pistachio crop was severely impacted by poor weather conditions, yet was estimated to be only 19.1 percent smaller than the United States' record 2004/05 crop.⁶ A recent trade publication is now reporting that Iran's 2005 harvest will be 25 percent larger than originally anticipated during Iran's spring frosts.⁷ Iran's production of pistachios has been at least 548 million pounds in five of the last seven years.⁸ Domestic interested parties estimate that the Iranian industry operated at 76.8 percent of capacity in 2003 and 75.6 percent of capacity in 2004.⁹

*** also noted that Iran is export-oriented, and Iran would have little difficulty shipping large amounts of pistachios to the United States due to easy and relatively inexpensive transportation.¹⁰ Furthermore, since the United States has less stringent aflatoxin requirements than the EU and 14 other countries, domestic interested parties alleged that there would be increased incentive to ship more

⁵ Data regarding Iran's actual production are rather variable, depending on the source. For example, ***'s purchaser questionnaire at exh. 6 lists the estimated 2004 crop at 287 million tons, while the domestic interested parties submitted production data in exh. 8 of their response to the notice of institution that lists two sets of differing production numbers for Iranian production: 672 million pounds using the Iranian Ministry of Agriculture as its source, and 264 million pounds using the RPPC as its source. One industry publication, *Food Institute Report*, in its August 1, 2005 edition, reported that local sources in Iran estimate 2004/05 production to be between 309 million and 331 million pounds, as opposed to the record 573 million to 617 million pounds that was originally expected. The comparison between domestic production and Iranian production uses the middle of the lower estimates, 287 million, as its basis.

⁶ ***'s purchaser questionnaire, p. 19.

⁷ *Iran's pistachio crop will be higher than spring forecasts*, Food News, September 30, 2005.

⁸ ***'s purchaser questionnaire, exhs. 6 and 7.

⁹ Domestic interested parties' response to notice of institution, p. 15.

¹⁰ ***'s purchaser questionnaire, p. 19.

pistachios to the United States.¹¹ Exported pistachios bring around \$803 million to Iraq each year, and around 16 percent of Iran's production is shipped to the EU.¹²

In addition to the present antidumping tariffs on raw in-shell pistachios from Iran, a countervailing duty also applies to imports of both raw and roasted pistachios from Iran. The country-wide subsidy rate is 99.52 percent, though one company has a rate of 23.18 for raw in-shell pistachios from one grower and zero from another. Domestic interested parties argue that the effective subsidy rate is much lower, as certain countervailable programs identified when the duties were imposed are no longer in place.¹³

U.S. SUPPLY: NONSUBJECT IMPORTS

Pistachios are also grown in the nonsubject countries of Turkey (16 percent of world production in 2003), Syria (9 percent), and Greece (less than 5 percent).¹⁴ Though Turkey produces a large number of pistachios, it exports relatively few of them. In 2005/06, Turkey is expected to export less than 18 million pounds of pistachios (11 percent of expected production). Most of Syria's production is for domestic consumption. Exports in 2005/06 are expected to be around 30 million pounds. Greece's expected consumption is expected to outpace its production in 2005/06.¹⁵ One report noted that China has just earmarked 67,000 hectares for growing pistachios, but will not be producing until the trees mature. A representative for the company that planted the trees expects the farm to be the third-largest pistachio-growing region in the world by 2020.¹⁶ At the hearing, however, a representative of the California Pistachio Commission stated that its director of research recently visited China for three weeks and found no types of commercial plantings or infrastructure for large-scale pistachio production.¹⁷

U.S. DEMAND

Based on available information, consumers of raw in-shell pistachios are likely to respond to changes in their price with moderate changes in their purchases of the product. The main contributing factors to the moderate level of demand responsiveness are the lack of close substitute products, though the existence of other types of salty snack substitutes tempers this, and the high cost share of raw in-shell pistachios in the products which incorporate them. Pistachios are more vulnerable to fluctuations in demand than other nuts due to their reliance as a snack item rather than an industrial ingredient.¹⁸

¹¹ Domestic interested parties' response to notice of institution, p. 17.

¹² "Iran pistachio under attack again, this time from porcupines," *EU Business*, Sept. 16, 2004, attached as domestic interested parties' response to notice of institution, exh. 15.

¹³ Cal-Pure's posthearing brief, pp. 26-30.

¹⁴ "World Pistachio Situation & Outlook," World Horticultural Trade & U.S. Export Opportunities, USDA FAS, December 2004. It should also be noted that these numbers are for pistachios in general, not just raw in-shell pistachios.

¹⁵ *Ibid.*

¹⁶ "67,000 ha earmarked for growing pistachios," Jan. 27, 2005, retrieved Sept. 2, 2005 from <http://www.sirjanadelpistachio.com/pistachio>.

¹⁷ Hearing transcript, pp. 120-21, (Reinecke).

¹⁸ "Putting global consumption on the line," *The Public Ledger*, September 19-25, 2005.

Demand Characteristics

U.S. demand for raw in-shell pistachios depends on the level of demand for downstream products such as roasted and salted pistachios, nut mixes, baking needs, ice cream, and pistachio kernels. The vast majority of raw in-shell pistachios are used to make roasted, salted pistachios. Four of nine responding processors noted that there have been new end uses for raw in-shell pistachios developed since 1986. Two firms noted that pistachios are increasingly being consumed as a snack food, and one indicated that a portion of pistachios are being flavored to compete with flavored almonds. No purchasers reported any differences in end uses for raw in-shell pistachios, however.

In quantity terms, available data indicate that apparent U.S. consumption of raw in-shell pistachios increased steadily from 56 million pounds to 121 million pounds (by 113.7 percent) from 1999/2000 to 2003/04, but declined to 111 million pounds in 2004/05 (by 7.7 percent). At least 98.8 percent of apparent consumption was from domestic pistachios during the period of review. Domestic interested parties expect apparent consumption of pistachios to increase three to four percent per year, as long as there is no health scare regarding pistachios.¹⁹

Processors and purchasers were asked to discuss if and how demand in the United States changed since 1999. All processors and purchasers reported that demand for raw in-shell pistachios in the United States has increased, with the exception of *** which noted that demand is unchanged, and *** that replied that demand changes with costs.

*** indicated in its processor/dryer questionnaire that demand for pistachios in the United States has increased 6.4 percent annually since the 1998/99 crop year. It attributes these increases to three factors. First, consumer awareness of pistachios has increased. Marketing campaigns have been undertaken, and pistachios are being sold through an increasing number of channels: produce, industrial, and mass market and club stores. Second, consumers are looking for healthier foods to eat. Pistachios are low in saturated fat, high in protein, and contain a number of vitamins and minerals. Lastly, *** has worked to establish a stable and consistent pistachio supply, rather than be subject to the erratic supply of an alternate-bearing crop which is harvested once per year. This stable supply, it contends, is one of the reasons for the increase in demand for pistachios. Five processors and four purchasers anticipate increasing demand in the near future.²⁰

Substitute Products

According to processors and purchasers, the closest products that may be substituted for raw in-shell pistachios are other types of nuts: cashews, walnuts, almonds, hazelnuts, and peanuts. Though these are not directly substitutable in terms of making roasted, salted pistachios, they are other nuts that consumers could purchase instead of pistachios. They could be used instead of pistachios in a nut mixture. However, mixed nuts account for less than one percent of the pistachio usage in the United States, according to ***. *** also noted these other nuts could be limited in their substitutability because other types of nuts are sold and used primarily as ingredients in other products, whereas pistachios are sold and bought primarily as a snack product. As such, other salty snacks could be substitutes for pistachios, though to a somewhat lesser degree. Three of nine processors reported new types of products

¹⁹ Hearing transcript, p. 134 (Keenan), and Cal-Pure's posthearing brief, p. 18.

²⁰ Three of these firms are both purchasers and processors. One processor noted that demand will match global production of pistachios. Additionally, one processor reported that it anticipates changing demand, but did not specify whether the change would be an increase or decrease.

that compete against pistachios. These include roasted and salted in-shell almonds, soft-shell nonpareils, new varieties of flavors of dried almonds, and many other new salty snacks that have been put on the market since 1986. Additionally, three of nine processors reported that changes in the price of these products (other types of nuts and salty snacks) could have an effect on the price of pistachios. *** indicated that there is a time lag of 3 to 12 months before pistachio prices would adjust.

Cost Share

Raw in-shell pistachios account for a large percentage of the total cost of the main end product in which they are used, i.e., roasted, salted pistachios. Purchasers estimated them to account for 93 to 100 percent of the cost of roasted, salted pistachios and 90 percent of the cost of pistachio kernels. Some processors estimated the cost somewhat lower - 84 to 93 percent of the cost of consumer packages of roasted, salted pistachios.

Demand Outside the United States

Pistachio processors and purchasers were asked if demand for raw in-shell pistachios outside the United States had changed since 1999. All responding firms noted that demand outside the United States has been increasing. Most firms noted that safety concerns have increased demand specifically for California pistachios. *** reported that the increase is due to greater distribution and availability, and purchaser *** cited increased availability as well. *** cited the Food and Agricultural Organization (“FAO”) of the United Nations’ data in its response, reporting that demand outside the United States has increased an average of 6.8 percent per year between 1998 and 2003. Purchaser *** has noted increased demand for pistachios by the EU as well. Other reasons cited for increased demand are for health/nutrition reasons as well as increased marketing efforts and quality of pistachios. One firm, ***, also indicated a USDA Foreign Agricultural Service program has increased demand outside the United States for pistachios.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported pistachios depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.) and conditions of sale (e.g., leadtimes between order and delivery, availability of product, product services, etc.). Based on available data, staff believes that there is a high degree of substitution between domestically produced pistachios and pistachios imported from Iran.

Factors Affecting Purchasing Decisions

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase raw in-shell pistachios. Responses are delineated in table II-1. Quality was reported by the largest number of purchasers as the number one factor that they consider when choosing a supplier of raw in-shell pistachios. Availability was listed most frequently as the second most important factor, while price, quality, and delivery/reliability were reported equally frequently as the third most important factor.

Table II-1
Raw in-shell pistachios: Most important factors in selecting a supplier, as reported by purchasers

Factor	First	Second	Third
Price	1	2	2
Quality ¹	4	2	2
Availability	1	3	0
Product is what we want to purchase	1	0	0
Delivery/reliability	0	0	2
Credit	0	0	1
¹ Quality includes: "quality meets industry standards" and "product consistency."			
Source: Compiled from data submitted in response to Commission questionnaires.			

Purchasers were also asked if they specifically ordered raw in-shell pistachios from one country in particular over other sources of supply. Six of seven responding purchasers replied affirmatively, all six of these reported preferring U.S. product. One of these purchasers reported that this was because it was purchasing pistachio byproducts and another reported that the pistachios were being marketed in Europe as California pistachios. In addition, when purchasers were asked to discuss whether or not certain grades/types/sizes of raw in-shell pistachios were available from only one source (either domestic or foreign), three of the six responding purchasers responded affirmatively. One of these reported that U.S. select raw in-shell pistachios and U.S. #1 raw in-shell pistachios were only available from the United States, one reported that pistachios produced in Iran are smaller and longer than those produced in the United States, and another reported that the United States does not import pistachio byproducts.

Processors reported that some differences exist between product from different countries including differences in food safety, size, color, flavor, and type of processing. The one processor that specified the other country to which it was comparing U.S. product (Turkey) stated that different varieties which were not designed for in-shell eating are grown in Turkey.

Purchasers were asked if they always, usually, sometimes, or never purchased the lowest priced raw in-shell pistachios. None of the purchasers reported always buying the lowest priced product; three usually purchased the lowest price product; three sometimes purchased the lowest price product; and one reported never purchasing the lowest priced product. Purchasers were also asked if they purchased raw in-shell pistachios from one source although a comparable product was available at a lower price from another source. Three purchasers reported that the reasons they might buy from a higher-priced source include: purchasing only U.S. grown product, purchasing only from ***, and purchasing from the lowest total cost source that met their quality specifications.

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions. Responses can be found in table II-2. The factors listed as most important were product consistency (7 firms), availability (5 firms), price (5 firms), and quality meets industry standards (5 firms). No other factor was reported as very important by the majority of the responding purchasers.

Table II-2
Raw in-shell pistachios: Importance of purchase factors, as reported by purchasers

Factor	Very important	Somewhat important	Not important
	Number of firms responding		
Availability	5	2	0
Delivery terms	1	5	1
Delivery time	2	5	0
Discounts offered	0	3	4
Extension of credit	0	4	3
Price	5	1	1
Minimum quantity requirements	0	2	5
Packaging	0	4	3
Product consistency	7	0	0
Quality meets industry standards	5	1	1
Quality exceeds industry standards	2	3	2
Product range	0	5	2
Reliability of supply	3	4	0
Technical support/service	1	4	2
U.S. transportation costs	1	3	3

Note.—Not all purchasers responded for each factor.

Source: Compiled from data submitted in response to Commission questionnaires.

Purchasers were asked for a country-by-country comparison on the same 15 factors, with responses reported in table II-3. Purchasers only compared U.S. product with that from Iran. All responding purchasers reported that U.S. product was superior with regard to reliability of supply and technical support. Four purchasers reported that U.S. product was superior in delivery time and three each reported U.S. product was superior in availability, packaging, quality meets industry standards, and quality exceeds industry standards. The only factor in which most responding purchasers reported that the U.S. product was inferior was price, with three reporting Iranian pistachio pricing was superior (i.e., lower).

Purchasers were asked a number of questions about changes in their purchasing patterns for raw in-shell pistachios from subject and nonsubject sources since 1986. Only one of the purchasers reported that it had purchased raw in-shell pistachios from Iran before 1986. This firm reported that it had stopped buying Iranian raw in-shell pistachios after 1986. Five of the six responding purchasers reported that they had never purchased nonsubject product while the other reported that its purchases of nonsubject product had not changed.

Table II-3
Raw in-shell pistachios: Comparisons of product by source country, as reported by purchasers

Factor	U.S. vs Iran		
	Superior	Comparable	Inferior
	<i>Number of firms responding</i>		
Availability	3	2	0
Delivery terms	0	2	0
Delivery time	4	0	0
Discounts offered	0	2	0
Extension of credit	1	1	0
Price ¹	0	2	3
Minimum quantity requirements	1	2	0
Packaging	3	1	0
Product consistency	2	2	0
Quality meets industry standards	3	2	0
Quality exceeds industry standards	3	2	0
Product range	2	2	0
Reliability of supply	5	0	0
Technical support/service	5	0	0
U.S. transportation costs ¹	1	1	1
<p>¹ A rating of "S" on price and U.S. transportation costs indicates that this country has lower prices/costs than the other country.</p> <p>Note.—Not all companies gave responses for all factors.</p> <p>Note.—Two purchasers compared U.S. and Iranian product on other factors, one reporting that U.S. product was inferior in flavor and one reporting U.S. product was superior in aflatoxin.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>			

Purchasers were also asked if they require their suppliers to become certified or pre-qualified for the raw in-shell pistachios that they purchase. Only two of the seven responding purchasers required certification or qualification.²¹ The requirements included meeting USDA specifications and a lack of aflatoxins. Purchasers were then asked to briefly describe any factors that they consider when qualifying a new supplier. Purchasers reported that they consider such factors as quality (including consistency of size, adherence to industry standards, and compliance with USDA standards), price, and suppliers' characteristics, which include roasting capacity, service, reliability, and reputation. One firm reported that it would "know quite a lot about them before purchasing," and one reported that ***. No firm reported the time required to qualify a new supplier, but two reported that they had no qualifying process for new suppliers. When purchasers were asked if, since 1986, any domestic or foreign producers failed in their attempts to certify or qualify their raw in-shell pistachios with their firm or if any producers lost their approved status, all six responding purchasers replied in the negative.

²¹ These purchasers require it for all the product they purchased.

Purchasers were asked how frequently they and their customers purchased raw in-shell pistachios from specific producers. The following tabulation summarizes the responses:

Purchaser / customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	2	2	1	2
Purchaser's customer makes decision based on producer	0	1	2	3

Based on the information presented above, it appears that purchasers make purchasing decisions more frequently based on the producer of the raw in-shell pistachios than their customers do.

All seven responding purchasers noted that buying a product from the United States is an important factor in their purchases of raw in-shell pistachios. Two purchasers reported requirements by law or regulation that dictate purchasing domestically and two purchasers buy domestically produced pistachios because of their customers' preferences. In addition, three purchasers noted buying domestically produced raw in-shell pistachios because the cost of importing makes Iranian product too expensive or unavailable, and one replied that it prefers domestic product.²²

U.S. processors were requested to provide information on average lead times. Responses varied greatly between firms. Some processors sell mostly on a produce-to-order basis (four of eight reporting between 84 and 100 percent of 2004 sales), whereas others sell mainly out of their own inventory. Two processors reported that 70 and 85 percent of their sales were made mainly out of held inventory. One firm sold half from its inventories and produced the other half to order. Average lead times for sales out of inventory averaged 5.9 days, ranging from 0 to 10 days. Lead times for sales of raw in-shell pistachios that are produced to order averaged 11.4 days, and ranged from two days to three weeks.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Processors and purchasers were asked to report how frequently raw in-shell pistachios from different countries were used in the same applications, as well as information on the degree of interchangeability between raw in-shell pistachios from the different subject countries. Responses are presented in table II-4. With regard to the interchangeability between domestic and Iranian raw in-shell pistachios, one processor reported they were always interchangeable while three reported they were frequently interchangeable and two reported they were sometimes interchangeable. Four of five responding processors reported that domestically produced raw in-shell pistachios were sometimes interchangeable with those from nonsubject countries. Two firms reported that Iranian and nonsubject product were always or frequently interchangeable while two reported that they were sometimes interchangeable.

²² One of the firms reported buying domestically produced pistachios for all three reasons.

Table II-4

Raw in-shell pistachios: U.S. firms' perceived degree of interchangeability of products produced in the United States and other countries¹

Country comparison	U.S. processors				U.S. purchasers			
	A	F	S	N	A	F	S	N
U.S. vs. Iran	1	3	2	0	0	3	1	3
U.S. vs. nonsubject	0	1	4	0	0	0	2	2
Iran vs. nonsubject	1	1	2	0	0	0	2	0

¹ Processors and purchasers were asked if raw in-shell pistachios produced in the United States and in other countries is used interchangeably.

Note: "A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

Purchasers were divided with respect to the interchangeability between U.S. and Iranian product, with three each reporting that they were frequently interchangeable or never interchangeable, whereas one purchaser reported that pistachios from the two countries were sometimes interchangeable. Domestically produced raw in-shell pistachios were reported to sometimes be interchangeable with pistachios from nonsubject countries by two purchasers, whereas two other purchasers reported that the two are never interchangeable. Both responding purchasers reported Iranian and nonsubject raw in-shell pistachios were sometimes interchangeable.

In addition, processors were asked to assess how often differences other than price were significant in their sales of raw in-shell pistachios from the United States, Iran, or nonsubject countries. Table II-5 contains their responses. Questionnaire data indicate most processors believe that differences between pistachios grown in different countries frequently occur.

Table II-5

Raw in-shell pistachios: U.S. firms' perceived significance of differences other than price between raw in-shell pistachios produced in the United States and raw in-shell pistachios produced in other countries¹

Country comparison	U.S. processors			
	Always	Frequently	Sometimes	Never
U.S. vs. Iran	1	3	2	0
U.S. vs. nonsubject	1	3	1	0
Iran vs. nonsubject	0	2	1	1

¹ Processors were asked if differences other than price between raw in-shell pistachios produced in the United States and in other countries were a significant factor in their sales of the products.

Source: Compiled from data submitted in response to Commission questionnaires.

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties were requested to provide comments regarding elasticity estimates in their posthearing briefs.

U.S. Supply Elasticity²³

The domestic supply elasticity for raw in-shell pistachios measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of those pistachios. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to and from production of other products, the existence of inventories, and the availability of alternative markets for U.S.-produced raw in-shell pistachios. Based on available information, staff believes that U.S. raw in-shell pistachio processors are likely to respond to changes in demand with small to moderate changes in shipments of domestic pistachios to the U.S. market, until such time as inventories and, to a lesser degree, exports are relatively small. Earlier analysis of these factors indicates that the U.S. industry has a moderate ability to increase or decrease shipments to the U.S. market until such time as inventories and, to a lesser degree, exports are relatively small; an estimate in the range of 0.5 to 1.5 is suggested.²⁴ After this point, the domestic supply of raw in-shell pistachios is likely to be highly unresponsive to changes in the domestic price in the short- and medium-term.

U.S. Demand Elasticity

The U.S. demand elasticity for raw in-shell pistachios measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of raw in-shell pistachios. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of raw in-shell pistachios in the production of any downstream products. Based on the available information, the aggregate demand elasticity for raw in-shell pistachios is likely to be in a range of 1.0 to 2.5. According to a 1999 econometric study by Lucinda Lewis, "Charting a Direction for the U.S. Pistachio Industry," the demand elasticity for pistachios is -1.14 to -1.66 for domestic demand, and -1.59 to -2.31 for export demand.²⁵

²³ A supply function is not defined in the case of a non-competitive market.

²⁴ One modeling simulation performed by Dr. Daniel Sumner, University of California-Davis, regarding the potential impact of a proposed marketing agreement on pistachios used an long-run elasticity of supply estimate of 1.0. "Pistachios Grown in California; Order Regulating Handling; Final Rule," Agricultural Marketing Service, USDA, 7 CFR Part 983, Federal Register, vol. 69, no. 65, April 5, 2004, p. 17846.

²⁵ As quoted in "Economic Consequences of Mandated Grading and Food Safety Assurances: *Ex Ante* Analysis of the Federal Marketing Order for California Pistachios," Gray, Richard S., et al, Giannini Foundation Monograph 46, March 2005, p. 26.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.²⁶ Product differentiation, in turn, depends upon such factors as quality and conditions of sale. Based on available information, the elasticity of substitution between domestic and subject raw in-shell pistachios is likely to be high and in the range of 5 to 10 due to the commodity-like nature of pistachios.

²⁶ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

PART III: CONDITION OF THE U.S. INDUSTRY

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. Growers¹

Table III-1 presents data on U.S. pistachio growers' bearing acreage, production, yield per acre, crop value, unit value, and crop value per acre for the crop years 1981/82 to 2004/05. Figure III-1 presents data on growers' bearing acreage since crop year 1981/82. Figure III-2 presents data on growers' production since crop year 1981/82. Figure III-3 presents data on growers' yield (pounds per acre) since crop year 1981/82. Figure III-4 presents a map of pistachio growing areas in California, listed in order of production in crop year 2004/05.

Table III-1
Pistachios: U.S. production, crop years 1981/82-2004/05

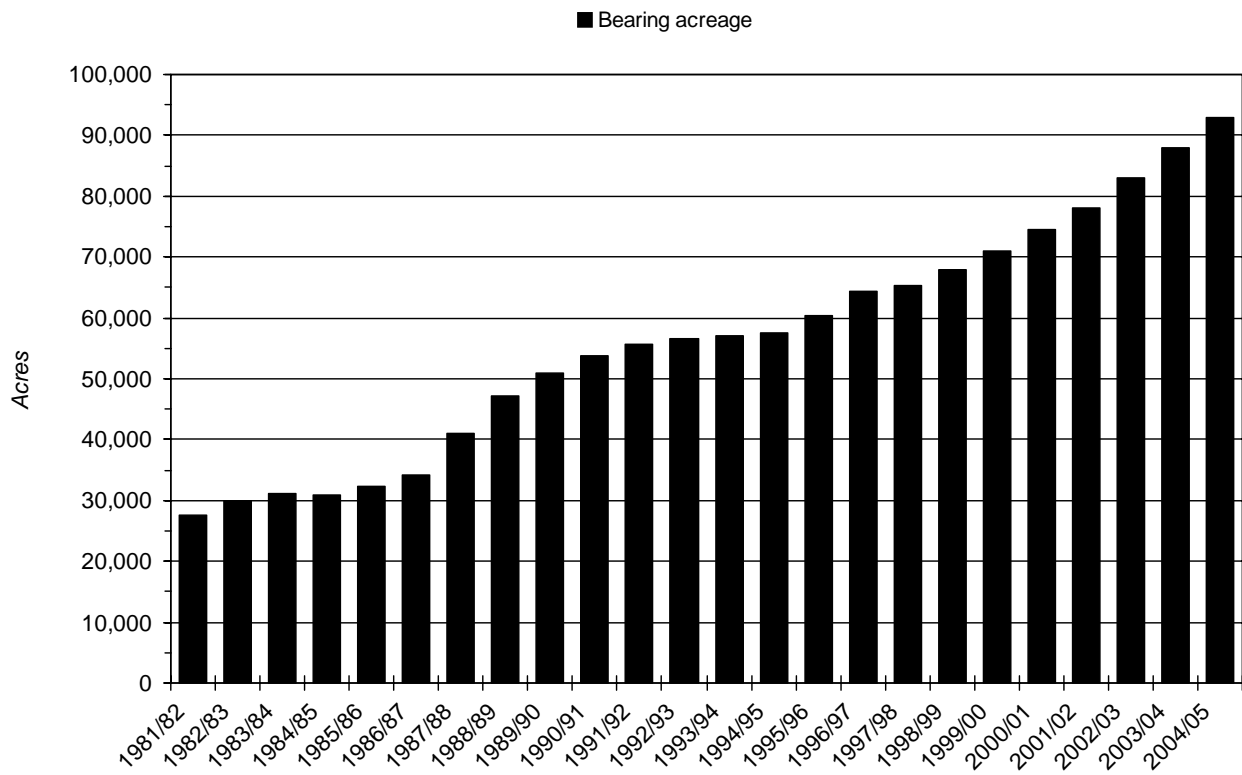
Crop year	Bearing acreage ¹	Production ²	Yield ²	Crop value	Unit value ²	Value per acre
	Acres	1,000 pounds	Pounds/acre	\$1,000	Per pound	Dollars
1981/82	27,541	14,148	514	19,600	\$1.39	712
1982/83	29,902	43,215	1,445	63,700	1.47	2,130
1983/84	31,143	26,319	845	37,300	1.42	1,198
1984/85	30,788	62,639	2,035	61,700	0.99	2,004
1985/86	32,332	27,289	844	36,600	1.34	1,132
1986/87	34,243	76,694	2,240	85,900	1.12	2,509
1987/88	40,985	33,459	816	47,200	1.41	1,152
1988/89	47,234	96,402	2,041	109,300	1.13	2,314
1989/90	50,900	39,514	776	63,200	1.60	1,242
1990/91	53,700	117,295	2,184	129,500	1.10	2,412
1991/92	55,700	76,430	1,372	100,700	1.32	1,808
1992/93	56,500	146,500	2,593	150,900	1.03	2,671
1993/94	57,000	150,907	2,647	161,500	1.07	2,833
1994/95	57,507	128,328	2,232	118,100	0.92	2,054
1995/96	60,300	147,653	2,449	160,940	1.09	2,669
1996/97	64,300	104,324	1,622	120,990	1.16	1,882
1997/98	65,373	179,492	2,746	202,840	1.13	3,103
1998/99	68,000	187,487	2,757	193,100	1.03	2,840
1999/2000	71,000	122,392	1,724	162,780	1.33	2,293
2000/01	74,578	241,554	3,239	239,180	0.99	3,207
2001/02	78,000	160,295	2,055	166,710	1.04	2,137
2002/03	83,000	302,435	3,644	332,640	1.10	4,008
2003/04	88,000	118,042	1,341	143,960	1.22	1,636
2004/05	93,000	346,781	3,729	436,970	1.26	4,699

¹ Bearing acreage for 1989 to date is defined as plantings six years and older. Bearing acreage prior to 1989 is defined as plantings seven years and older.
² Reported on an in-shell basis.

Source: California Agricultural Statistics Service and the California Pistachio Commission.

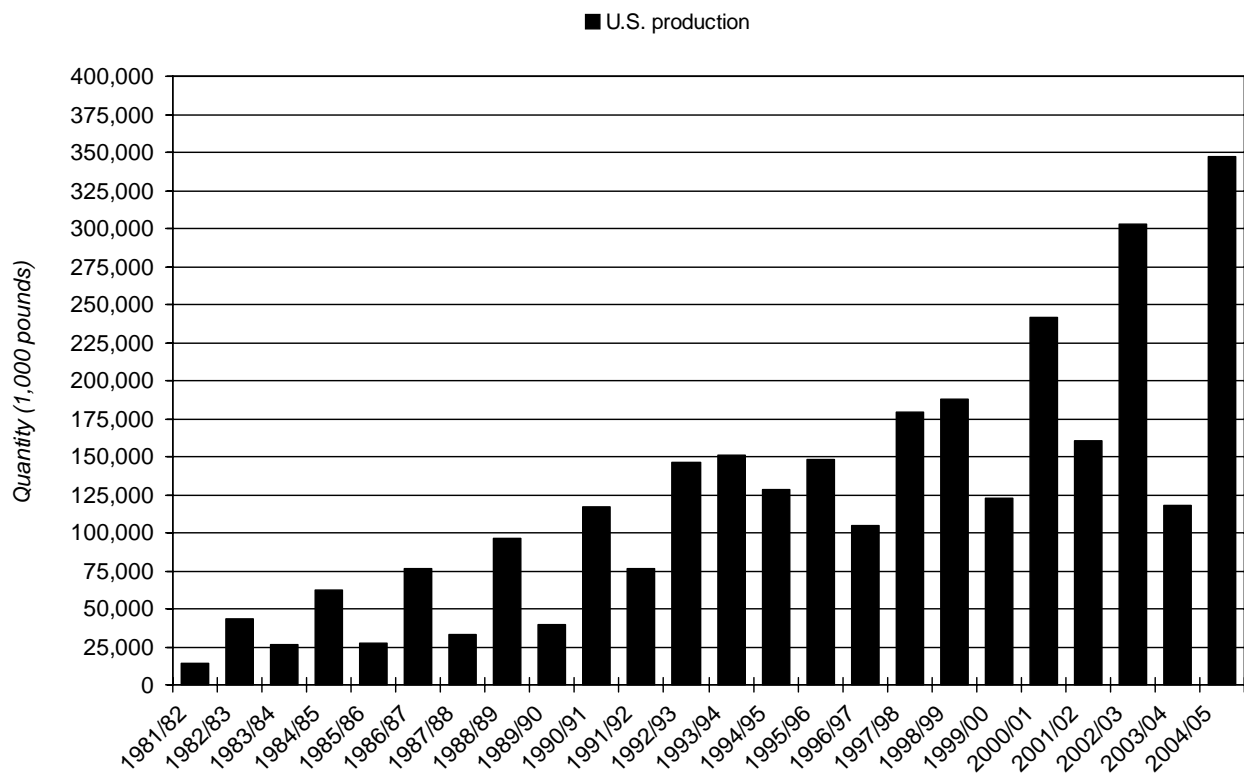
¹ A list of U.S. growers is presented in table F-1 of app. F.

Figure III-1
Pistachios: U.S. bearing acreage, crop years 1981/82-2004/05



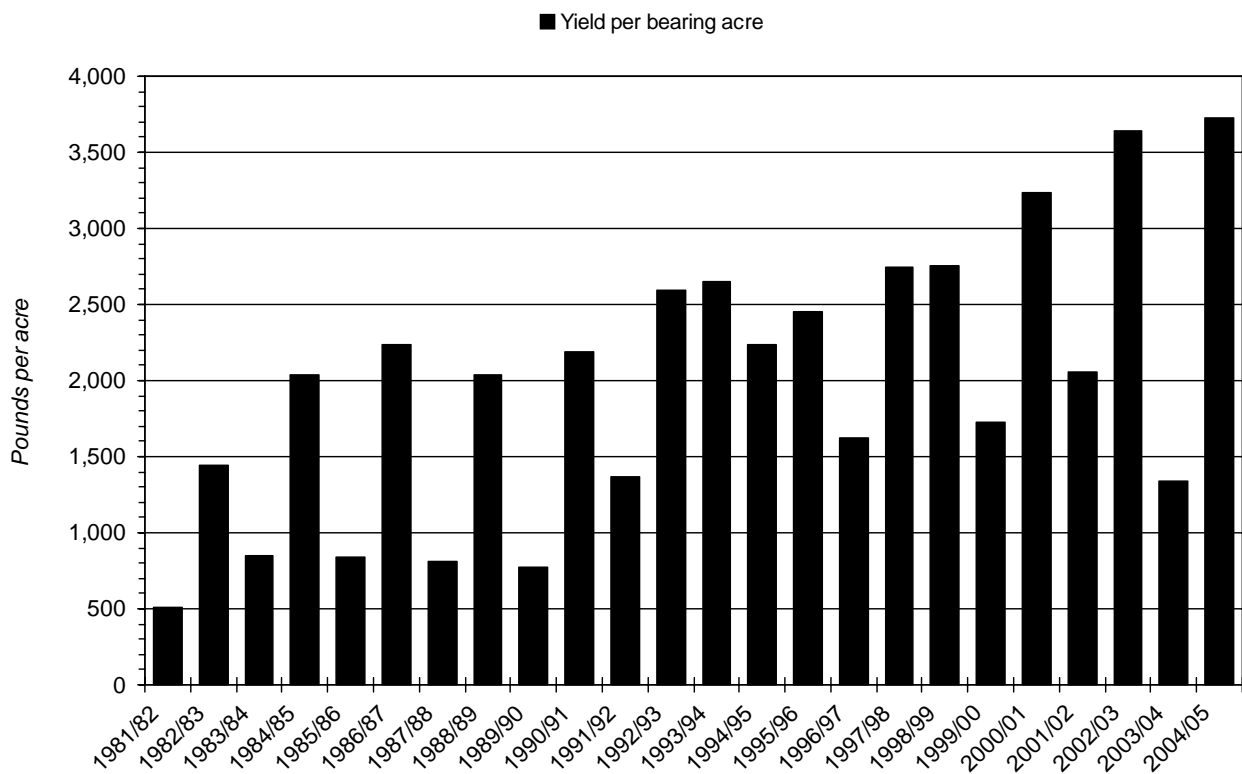
Source: Table III-1.

Figure III-2
Pistachios: U.S. production, crop years 1981/82-2004/05



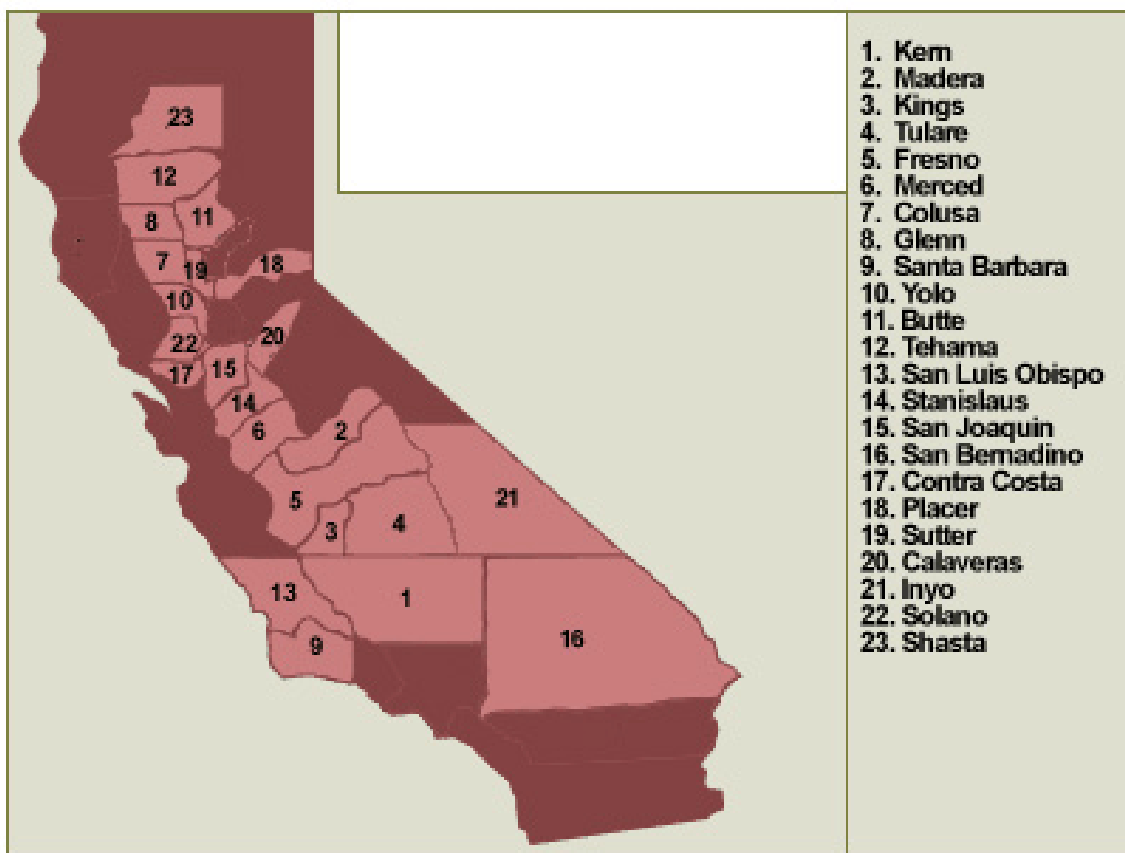
Source: Table III-1.

Figure III-3
Pistachios: U.S. growers' yield per bearing acre, crop years 1981/82-2004/05



Source: Table III-1.

Figure III-4
Pistachios: Map of growing areas in California listed in the order of production in crop year 2004/05



Source: California Pistachio Commission.

U.S. Processors

Table III-2 presents data on U.S. processors' capacity, production, and capacity utilization for the crop years 1999/2000 to 2004/05.

Table III-2

Raw in-shell pistachios: U.S. processors' capacity, production, and capacity utilization, crop years 1999/2000-2004/05

Item	Crop years (September 1-August 31)					
	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
Capacity (1,000 pounds)	175,110	195,110	201,210	274,210	274,210	311,210
Production (1,000 pounds)	80,327	121,347	133,579	181,646	111,973	193,785
Capacity utilization (percent) ¹	45.9	62.2	66.4	66.2	40.8	62.3
¹ Calculated using data of firms providing both numerator and denominator information.						
Source: Compiled from data submitted in response to Commission questionnaires.						

U.S. PRODUCERS' DOMESTIC SHIPMENTS, COMPANY TRANSFERS, AND EXPORT SHIPMENTS

U.S. Growers

Data on U.S. growers' shipments, by types, during crop years 1999/2000 to 2004/05 are presented in table F-3 and figure F-1 of appendix F.

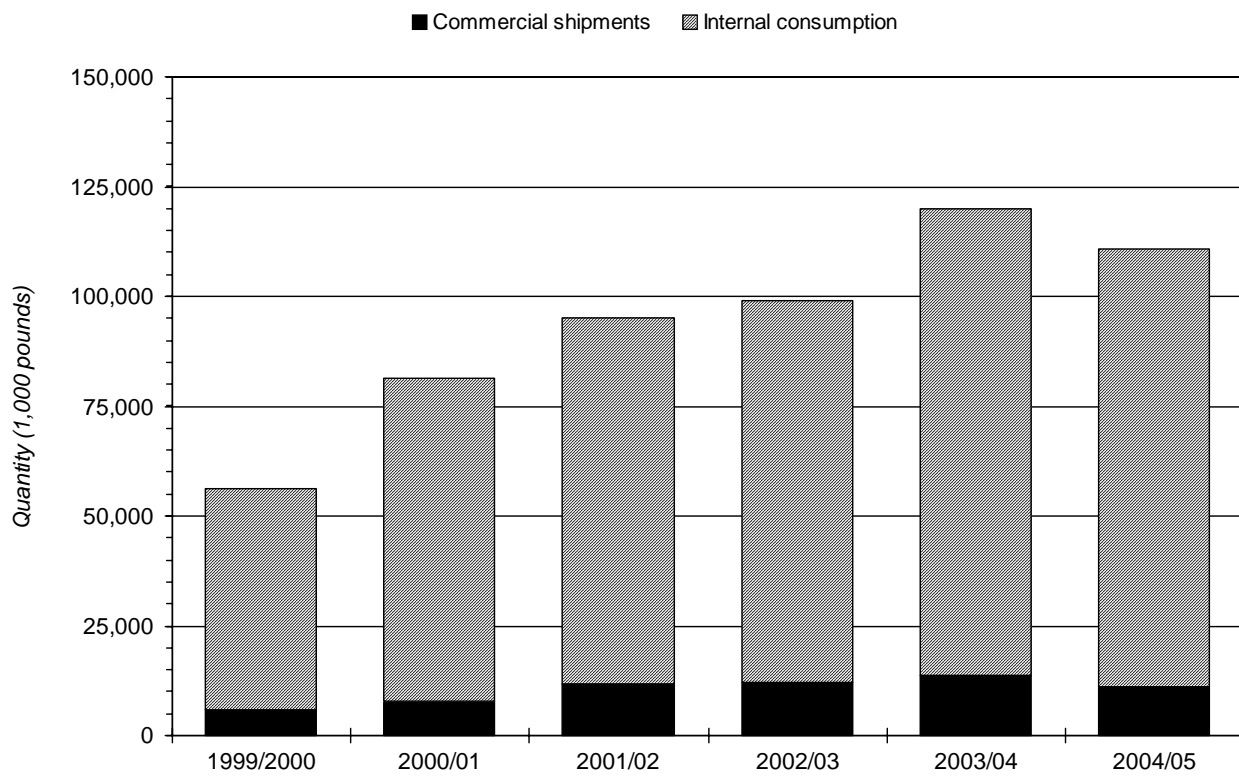
U.S. Processors

Data on U.S. processors' shipments, by types, during crop years 1999/2000 to 2004/05 are presented in table III-3 and figure III-5.

Table III-3
Raw in-shell pistachios: U.S. processors' shipments, by type, crop years 1999/2000-2004/05

Item	Crop years (September 1-August 31)					
	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
	Quantity (1,000 pounds)					
Commercial shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	56,093	81,235	94,989	98,927	120,022	110,883
Export shipments	12,303	16,735	32,530	31,805	38,071	58,972
Total	68,396	97,970	127,519	130,732	158,093	169,855
	Value (\$1,000)					
Commercial shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	117,051	137,879	153,488	179,723	224,460	230,627
Export shipments	25,312	28,247	53,547	58,381	69,457	122,168
Total	142,363	166,126	207,035	238,104	293,917	352,795
	Unit value (per pound)					
Commercial shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	\$2.09	\$1.70	\$1.62	\$1.82	\$1.87	\$2.08
Export shipments	2.06	1.69	1.65	1.84	1.82	2.07
Average	2.08	1.70	1.62	1.82	1.86	2.08
	Share of shipment quantity (percent)					
Commercial shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	82.0	82.9	74.5	75.7	75.9	65.3
Export shipments	18.0	17.1	25.5	24.3	24.1	34.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
¹ Not applicable.						
Source: Compiled from data submitted in response to Commission questionnaires.						

Figure III-5
Raw in-shell pistachios: U.S. processors' U.S. shipments, crop years 1999/2000-2004/05



Source: Table III-3.

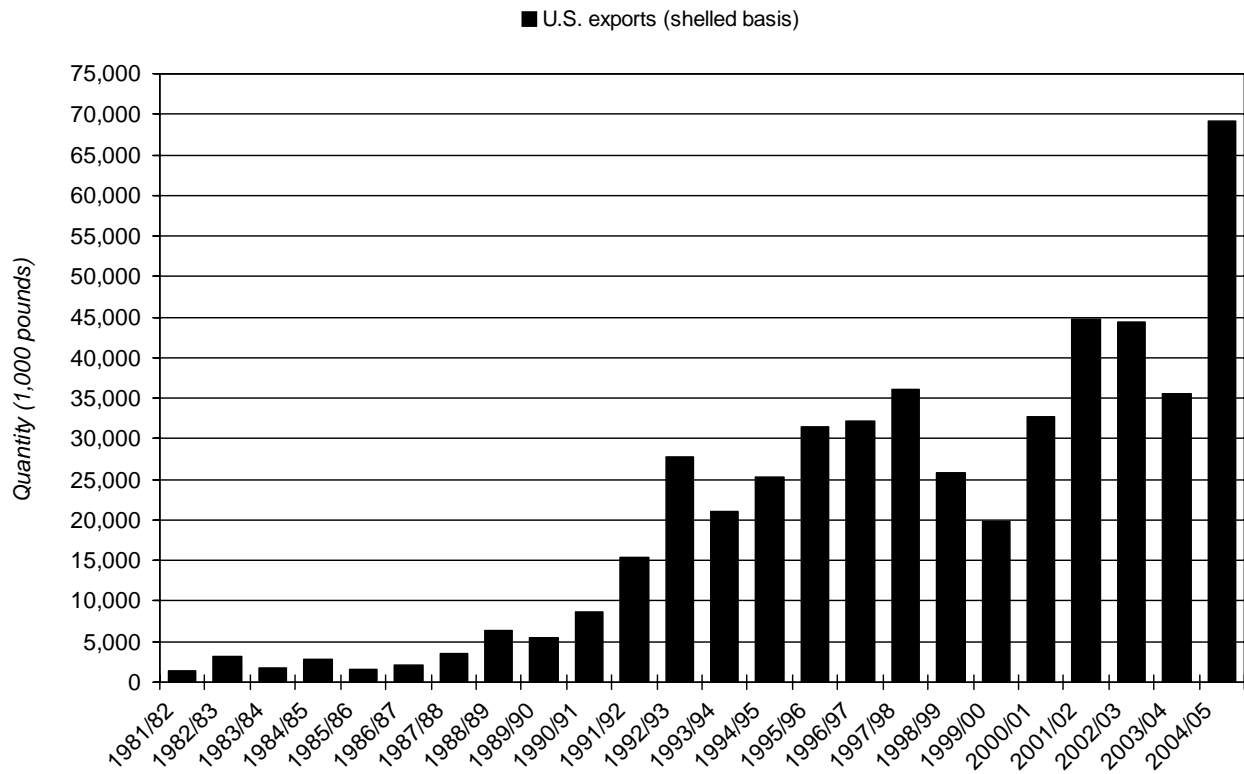
U.S. EXPORTS

Data on U.S. exports of pistachios for the review period are presented in table III-4 and figure III-6 for crop years 1981/82-2004/05. Table III-5 presents data on U.S. exports by selected markets.

Table III-4
Raw pistachios:¹ U.S. exports, crop years 1981/82-2003/04

Crop years (September 1-August 31)	U.S. exports	
	Quantity	Annual percentage change
	1,000 pounds	Percent
1981/82	1,480	
1982/83	3,247	119.4
1983/84	1,815	-44.1
1984/85	2,758	52.0
1985/86	1,658	-39.9
1986/87	2,183	31.7
1987/88	3,469	58.9
1988/89	6,442	85.7
1989/90	5,519	-14.3
1990/91	8,682	57.3
1991/92	15,413	77.5
1992/93	27,763	80.1
1993/94	21,066	-24.1
1994/95	25,275	20.0
1995/96	31,540	24.8
1996/97	32,202	2.1
1997/98	36,150	12.3
1998/99	25,793	-28.7
1999/2000	19,803	-23.2
2000/01	32,641	64.8
2001/02	44,744	37.1
2002/03	44,449	-0.7
2003/04	35,551	-20.0
2004/05	69,244	94.8
¹ Reported on a shelled basis.		
Source: <i>Fruit and Tree Nuts Situation and Outlook Yearbook</i> , FTS 2005, October 2005, Table E-16, Economic Research Service, U.S. Department of Agriculture.		

Figure III-6
Raw pistachios: U.S. exports, crop years 1981/82-2004/05



Source: Table III-4.

Table III-5
Raw in-shell pistachios: U.S. exports to selected markets, calendar years 2000-04¹

Item	Calendar years				
	2000	2001	2002	2003	2004
	Quantity (1,000 pounds)				
Belgium/Luxembourg	2,702	4,080	5,402	7,798	9,496
Netherlands	446	403	415	2,740	5,870
France	181	816	1,239	2,110	5,253
Italy	757	2,108	2,375	2,059	2,401
Canada	476	1,062	1,122	1,438	1,556
China	178	977	855	961	1,425
Japan	958	937	979	1,263	1,273
Germany	1,918	1,657	2,652	816	1,011
Hong Kong	3,801	3,733	1,463	571	454
Singapore	338	336	311	204	175
Subtotal	11,753	16,108	16,814	19,958	28,913
All other markets	2,330	2,785	1,948	1,840	4,868
Total	14,083	18,893	18,762	21,798	33,781
	Share of exports (percent)				
Belgium/Luxembourg	19.2	21.6	28.8	35.8	28.1
Netherlands	3.2	2.1	2.2	12.6	17.4
France	1.3	4.3	6.6	9.7	15.6
Italy	5.4	11.2	12.7	9.4	7.1
Canada	3.4	5.6	6.0	6.6	4.6
China	1.3	5.2	4.6	4.4	4.2
Japan	6.8	5.0	5.2	5.8	3.8
Germany	13.6	8.8	14.1	3.7	3.0
Hong Kong	27.0	19.8	7.8	2.6	1.3
Singapore	2.4	1.8	1.7	0.9	0.5
Subtotal	83.5	85.3	89.6	91.6	85.6
All other markets	16.5	14.7	10.4	8.4	14.4
Total	100.0	100.0	100.0	100.0	100.0
¹ Markets sorted by export quantity in 2004.					
Source: USDA, Foreign Agricultural Service, retrieved on October 26, 2005 at http://www.fax.usda.gov/ustrdscrip .					

U.S. PRODUCERS' INVENTORIES

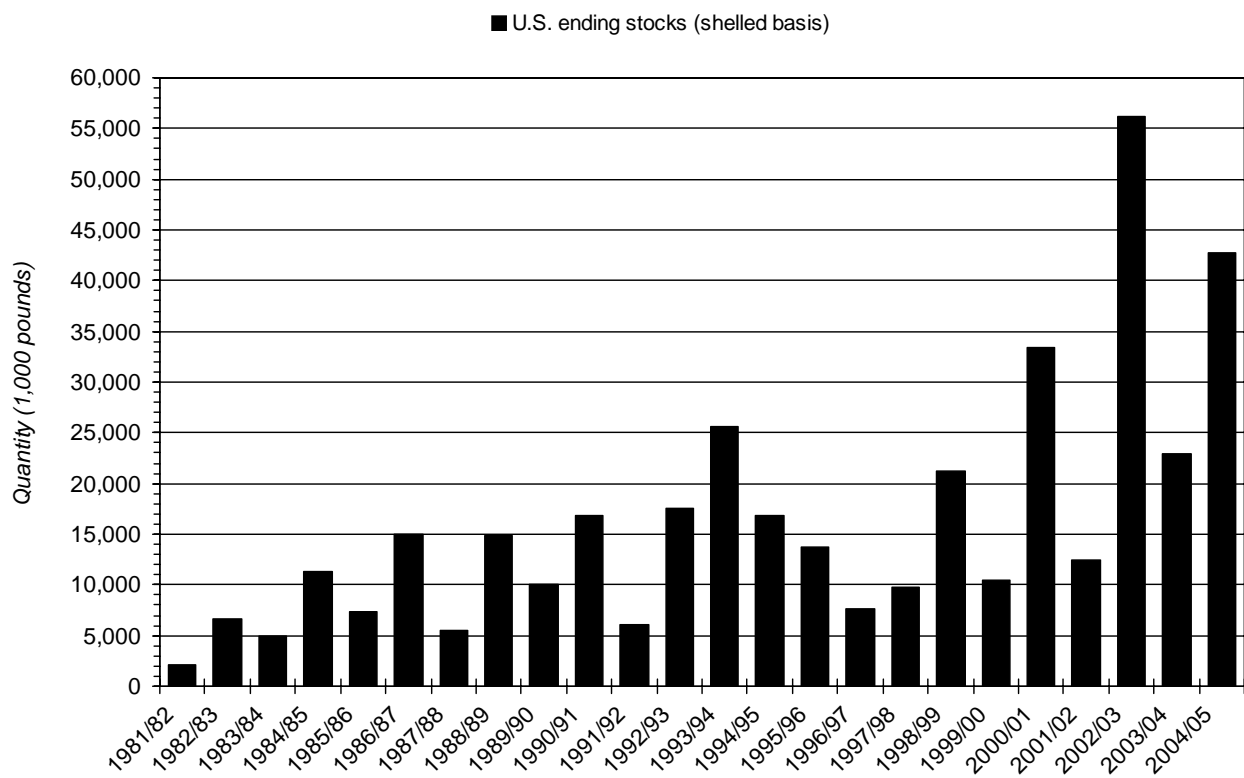
U.S. Growers

Table III-6 and figure III-7 present data on U.S. "ending stocks" of pistachios as reported by USDA. Data of U.S. growers on their inventories of raw in-shell pistachios as reported in responses to Commission questionnaires are presented in table F-4.

Table III-6
Raw pistachios:¹ U.S. ending stocks, crop years 1981/82-2004/05

Crop years (September 1-August 31)	U.S. ending stocks	
	Quantity	Annual percentage change
	1,000 pounds	Percent
1981/82	2,061	
1982/83	6,581	219.3
1983/84	4,977	-24.4
1984/85	11,256	126.2
1985/86	7,362	-34.6
1986/87	15,005	103.8
1987/88	5,487	-63.4
1988/89	14,897	171.5
1989/90	10,045	-32.6
1990/91	16,864	67.9
1991/92	6,072	-64.0
1992/93	17,595	189.8
1993/94	25,672	45.9
1994/95	16,825	-34.5
1995/96	13,795	-18.0
1996/97	7,696	-44.2
1997/98	9,742	26.6
1998/99	21,264	118.3
1999/2000	10,462	-50.8
2000/01	33,329	218.6
2001/02	12,425	-62.7
2002/03	56,180	352.2
2003/04	22,941	-59.2
2004/05	42,779	86.5
¹ Reported on a shelled basis.		
Source: <i>Fruit and Tree Nuts Situation and Outlook Yearbook</i> , FTS 2005, October 2005, Table E-16, Economic Research Service, U.S. Department of Agriculture.		

Figure III-7
Raw pistachios: U.S. ending stocks, crop years 1981/82-2004/05



Source: Table III-6.

U.S. Processors

Because of the “on year” and “off year” cycle caused by the alternate-bearing nature of pistachio trees, domestic processors inventory large quantities in peak harvest years and “carry out” supplies to the following year in order to smooth out supply and stabilize prices.² Data on U.S. processors’ inventories of raw in-shell pistachios for the review period are presented in table III-7.

Table III-7
Raw in-shell pistachios: U.S. processors’ end-of-period inventories, crop years 1999/2000-2004/05

Item	Crop years (September 1-August 31)					
	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
	Quantity (1,000 pounds)					
Inventories	14,958	23,839	35,308	57,932	29,833	39,887
	Ratios (percent)					
Inventories to production	18.6	19.6	26.4	31.9	26.6	20.6
Inventories to U.S. shipments	26.7	29.3	37.2	58.6	24.9	36.0
Inventories to total shipments	21.9	24.3	27.7	44.3	18.9	23.5

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS’ EMPLOYMENT, WAGES, AND PRODUCTIVITY

U.S. Growers

Data on U.S. growers’ employment, wages, and productivity are presented in table F-5.

U.S. Processors

Table III-8 presents data on U.S. processors’ employment, wages, and productivity.

Table III-8
Raw in-shell pistachios: U.S. processors’ average number of production and related workers (PRWs), hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, crop years 1999/2000-2004/05

Item	Crop years (September 1-August 31)					
	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
PRWs (number)	489	639	626	771	660	843
Hours worked (1,000)	559	710	760	810	803	992
Wages paid (\$1,000)	4,955	6,922	7,835	8,425	7,542	9,566
Hourly wages	\$8.86	\$9.75	\$10.30	\$10.41	\$9.40	\$9.64
Productivity (pounds per hour) ¹	108.3	119.4	139.8	149.0	114.6	127.1
Unit labor costs (per pound) ¹	\$0.08	\$0.08	\$0.07	\$0.07	\$0.08	\$0.08

¹ Calculated using data of firms providing both numerator and denominator information.

Source: Compiled from data submitted in response to Commission questionnaires.

² See Cal-Pure Pistachios’ prehearing brief, pp. 8-9, and posthearing brief, pp. 11-12.

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

This section of the report presents the financial results of 59 U.S. growers and 4 U.S. processors of raw in-shell pistachios.^{3 4} While most smaller growers reported their financial results on a cash/tax basis, larger growers and processors generally reported on an accrual basis.⁵ Most growers and processors reported their financial results on a calendar-year basis.⁶ While other crops and activities were reported, the majority of growers reported that pistachios is their only crop.

Growers' Operations on Pistachios

Product-specific income-and-loss data for growers of pistachios are presented in table III-9 which also includes average per-pound sales and operating expenses. Based on USDA volume data, it is estimated that around 52 percent of total U.S. harvested volume is accounted for in table III-9.

Growers represent a wide range of operations. In some cases, a single response reflected multiple growing operations managed by a single farm management company. In others, it represented the collective operations of a group of partnerships managed by a single non-profit corporation. The smallest respondents are generally stand-alone operations with pistachios representing their only activity. Larger growers usually operate multiple orchards and often have other crops and operations beyond pistachios.

Several of the larger growers, (***) with around *** percent of cumulative reported growing sales revenue, also have related processing operations.⁷

³ Only firms that provided usable financial information and/or whose data were corrected/clarified pursuant to staff follow-up questions are included in this section of the report. Processors presented in this section are Keenan, Nichols, Paramount Farms Inc. ("Paramount"), and Setton – all classifying themselves as non-coop processors.

***. E-mail from ***, September 14, 2005; and e-mail from ***, September 14, 2005.

⁴ ***. Staff telephone interview with ***, November 1, 2005. ***. E-mail from ***, November 4, 2005. ***.

⁵ Tax/cash basis accounting generally recognizes revenue only when it is received. Due to the installment nature of most grower-processor contracts, revenue recognized in a given year by a tax/cash basis grower primarily reflects cash receipts related to the previous year's harvest. Only a portion of revenue is generally related to the current year's harvest. In contrast, accrual respondents estimate and recognize revenue when a harvested payable weight is established. Reported volume, for both tax/cash basis and accrual respondents, reflects that year's harvest. *** growers reporting on an accrual basis represent approximately *** percent of the cumulative revenue reported during the period. This relatively large percentage of accrual basis respondents tends to limit, but does not eliminate, the impact of tax/cash basis timing differences between volume and revenue, as presented in this section of the report.

⁶ The following growers presented in this section reported their financial results on the basis of fiscal years: Agriland – March 31; Quist – April 15; Pioneer and Fannuchi – May 31; Lusk – November 30. The following processors reported on the basis of fiscal years: Paramount and Keenan – August 31.

⁷ ***. Staff telephone interview with ***, August 23, 2005. ***. Staff telephone interview with ***, September 2, 2005. ***.

Table III-9
Growers: Results of operations on raw in-shell pistachios, calendar and fiscal years 1999-2004

Item	Calendar and fiscal year					
	1999	2000	2001	2002	2003	2004
Quantity (1,000 pounds)						
Net sales	62,405	133,317	77,970	155,628	62,762	175,034
Value (\$1,000)						
Net sales	81,773	137,473	77,707	166,110	76,983	218,927
Total growing and operating expenses	87,885	97,472	92,223	90,870	89,244	103,017
Net income or (loss) before income taxes	(6,111)	40,002	(14,516)	75,239	(12,261)	115,910
Depreciation/amortization included above	10,596	11,450	10,609	10,200	9,594	9,852
Estimated cash flow from operations	4,484	51,452	(3,907)	85,439	(2,666)	125,761
Ratio to net sales (percent)						
Growing and operating expenses	107.5	70.9	118.7	54.7	115.9	47.1
Net income or (loss) before income taxes	(7.5)	29.1	(18.7)	45.3	(15.9)	52.9
Unit value (per pound)						
Net sales	\$1.31	\$1.03	\$1.00	\$1.07	\$1.23	\$1.25
Growing and operating expenses	1.41	0.73	1.18	0.58	1.42	0.59
Net income or (loss) before income taxes	(0.10)	0.30	(0.19)	0.48	(0.20)	0.66
Number of growers reporting						
Data	52	56	57	57	59	58
Net losses	18	17	24	13	30	11
<p>Note: This table includes open in-shell, closed shell, and shelling stock. On a weighted average basis for 1999 through 2003 and for the industry as a whole, open in-shell, closed shell, and shelling stock represented 79.4 percent, 14.9 percent, and 5.7 percent, respectively, of cumulative pistachio production volume. These percentages are based on CPC public information.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>						

Yield and corresponding pistachio revenue for growers fluctuate from year to year due to the pistachio crop's alternate bearing cycle. Because growing costs are only somewhat variable with respect to changes in yield,⁸ growers generally experience a corresponding and consistent pattern of net income followed by net losses.

The revenue cycle for growers begins when the processor physically takes possession of the pistachio crop, generally in its unhulled, undried form, and title is transferred. While a purchase is recognized when the processor takes title to the crop, total revenue to the grower is not determined until the following year when the processor's payable is settled. An initial guaranteed minimum price, established between the grower and processor prior to the harvest, in conjunction with the actual payable weight delivered to the processor, determines the amount payable to the grower.⁹ This payable is in turn the basis of subsequent installment payments made by the processor to the grower. According to a number of growers, the initial minimum price represents the processor's estimated wholesale price less processing costs (including a profit component) for the upcoming period. When the processor's actual net wholesale price (presumed to be a form of period weighted average) is determined, the difference between it and the guaranteed minimum price is paid to the grower. Most growers indicated that the actual net price and the guaranteed minimum price have essentially been the same during the period examined and that the final payment to the grower requires only a minor adjustment to account for the difference.¹⁰

A University of California study separates pistachio growing costs into three primary categories: operating costs, cash overhead costs, and non-cash overhead costs. Of these, operating costs/activities (around 53 percent of the total) are the largest.¹¹

⁸ *2004 Pistachio Cost and Return Study*, UC Cooperative Extension, Table 6, p. 21. While operating and cash overhead costs are essentially fixed, the above-referenced study notes that ". . . nitrogen use in the "on" or high production years is greater than in the "off" or low production years." *2004 Pistachio Cost and Return Study*, UC Cooperative Extension, p. 6.

⁹ The single guaranteed minimum price referenced by growers appears to be shorthand for what is in fact several guaranteed minimum prices for the various pistachio components such as raw in-shell, shelling stock/closed shell, and/or kernels. As indicated in the note to table III-9, the majority of the harvested pistachio crop is ultimately processed into the subject product.

¹⁰ While the nature of the arrangement was described as being based on a final actual price, a company official at ***. ***. Staff telephone interview with ***, August 31, 2005. While the *** company official may have provided a better description of the standard grower-processor arrangement, it may also be the case that ***'s grower-processor arrangement is different.

A guaranteed minimum price with the possibility of some form of positive adjustment to account for higher actual wholesale prices, according to several growers, serves to stabilize the market. Staff telephone interview with ***, August 30, 2005. Staff telephone interview with ***, August 30, 2005.

In addition to what appears to be a standard grower-processor arrangement, traditional tolling also takes place. Pursuant to this type of arrangement, the grower keeps title to the product and the processor directly charges a fee for processing. According to a company official, a grower will engage in this activity when a buyer for the raw product has been lined up. It is not a common practice in the industry, according to a company official. Staff telephone interview with ***, August 26, 2005. As indicated in footnote 4, ***.

¹¹ The focus of the University of California study was to develop a constructed 2004 pistachio growing cost in the San Joaquin valley, as opposed to presenting costs for actual growing operations. As presented in the study, operating costs represent pruning, winter sanitation, fertilization, irrigation, pest management, harvesting, CPC assessment fee, and imputed interest on operating capital. Cash overhead costs represent office expenses, liability insurance, sanitation, property taxes, property insurance, and investment repairs. Non-cash overhead costs represent
(continued...)

While the alternation between profitability and losses on growing operations is primarily related to the alternate bearing crop cycle, higher company-specific costs and corresponding losses (or lower profitability) were also influenced to some extent by the manner in which growers recognized costs; e.g., expenditures related to new plantings, in some instances, were expensed, as opposed to capitalized.¹²

Because pistachio orchards experience different growing conditions, changes in operating costs (notwithstanding differences in accounting methods) are not uniform for growers. For example, growers on the east side of the San Joaquin valley experience wetter conditions compared to the west side of the valley. Moisture conditions in turn affect how the crop is irrigated as well as susceptibility to disease and related treatment expenses; e.g. botryosphaeria, a fungus which has damaged pistachio orchards in certain areas, thrives in wet conditions.¹³

According to several growers, direct and indirect costs related to water were higher during most of the period due to drought conditions. As water tables became lower, growers with wells paid more to extract water (primarily due to greater energy usage), while growers who had to supplement their water allotments paid higher direct water prices.¹⁴ Growers also indicated that the cost of energy, labor, and chemicals generally increased during the period.¹⁵

¹¹ (...continued)

the annual cost of capital recovery for buildings, fuel tanks, shop tools, drip lines, irrigation system (filter/booster pump), land, orchard development cost, and equipment. Capital recovery represents imputed depreciation and interest cost for capital investments. *2004 Pistachio Cost and Return Study*, UC Cooperative Extension, pp. 6-10. The simple average total per pound cost (all yields – low through high), as reflected in the study, was \$1.36.

The cost information reported by growers to the Commission and presented in table III-9 includes actual interest paid and depreciation expenses. Cost information does not directly include the CPC fee, which is generally deducted from grower revenue; e.g., ***. Staff telephone interview with ***, August 24, 2005. ***. The cost information reported by growers also does not include imputed values for capital recovery or imputed interest on operating capital. On a weighted-average basis for 1999 through 2004, the per-pound value of reported growing and operating expenses was \$0.84.

¹² This is largely due to the different accounting methods used by growers, as discussed in footnote 5. With regard to capitalization versus immediate expensing, ***. Staff telephone interview with ***, August 25, 2005. In contrast, ***. ***. Staff telephone interview with ***, August 24, 2005.

All things being equal, expensing such items instead of capitalizing them, as in the case of *** noted above, results in lower income in the year of the expense and higher income in subsequent years. As indicated in footnote 5, the majority of reported operations is made up of accrual-basis respondents that would normally capitalize such expenditures.

¹³ Staff telephone interview with ***, August 24, 2005. Staff telephone interview with ***, August 24, 2005. Staff telephone interview with ***, August 26, 2005.

¹⁴ Staff telephone interview with ***, August 24, 2005. Staff telephone interview with ***, August 26, 2005. It was noted that, while wetter conditions generally would have the effect of reducing water costs, spraying costs to combat a disease like botryosphaeria, which thrives in wet conditions, would be correspondingly higher. Ibid. With respect to the variability in water costs, the University of California study notes that “{t}he price of district water in the pistachio growing areas of the San Joaquin ranges from \$50 to \$150 per acre-foot depending on the irrigation district.” *2004 Pistachio Cost and Return Study*, UC Cooperative Extension, p. 4.

¹⁵ The impact of higher direct energy costs was referenced as a recent issue and was not a large factor during most of the period examined. While labor costs did increase somewhat during the period, several growers indicated that pistachios (after development and once fully productive) are not as labor intensive as some other crops. Staff telephone interview with ***, August 25, 2005. Staff telephone interview with ***, August 31, 2005.

Notwithstanding generally increasing costs during the period, overall growing operations achieved higher net income (on an absolute basis and as percentage of sales) in each on-year. On-year net income margins, which would be considered high in a manufacturing context, are generally consistent with the profitability margins reported for growing operations in the Commission's original investigation. From the perspective of several of the growers, the long development period, during which significant resources have been invested and on-going costs incurred, justifies relatively high profit margins. On a weighted-average basis, the overall net income margin on growing operations for the period was around 26 percent. The corresponding weighted-average return on investment of 6.2 percent (see table III-14) suggests that reported operating margins are within a reasonable range given capitalized resources.

Processors' Operations on Raw In-Shell Pistachios

Product-specific income-and-loss data for processors of raw in-shell pistachios are presented in table III-10. Average per-pound sales and operating expenses are presented in table III-11. Selected company-specific information is presented in table III-12.

Despite a seasonal component to operations, the industry is reportedly geared to a 2-year marketing cycle in which processors generally hold enough inventory from on-year harvests to supply demand during the off-year.¹⁶ The majority of volume reported by processors was internal consumption which reflects raw in-shell pistachios consumed in roasting.¹⁷

Processors generally experienced lower and, from an industry-wide perspective, somewhat more consistent levels of period-to-period profitability compared to growers. In addition to the 2-year marketing cycle, this appears to reflect the standard grower-processor selling arrangement described previously; i.e., the grower is paid on the basis of a guaranteed minimum price, but can also benefit from higher net wholesale prices realized by the processor. All things being equal, this would tend to put an upward limit on processing profitability in any given period since differences between a higher net wholesale price and the guaranteed minimum price are largely shifted back to the growers.¹⁸ Since the guaranteed minimum price is not adjusted downwards if actual wholesale prices are lower than anticipated, there is no analogous limit on processor losses.

¹⁶ ***.

¹⁷ ***. Staff telephone interview with ***, August 30, 2005. Staff telephone interview with ***, September 2, 2005. ***. Ibid.

¹⁸ The precise mechanism of determining the final payment to growers may be different among the processors, as indicated in footnote 10. As such, the conclusion that a processor's upside profit in any given year is constrained should be considered a generalization based on available information.

Table III-10

Raw in-shell pistachios: Results of processor operations, calendar and fiscal years 1999-2004

Item	Calendar and fiscal year					
	1999	2000	2001	2002	2003	2004
Quantity (1,000 pounds)						
Commercial sales	18,662	20,684	36,940	32,622	58,868	53,381
Internal consumption	57,933	82,218	91,604	92,058	112,371	95,615
Total net sales quantity	76,595	102,902	128,544	124,680	171,239	148,996
Value (\$1,000)						
Commercial sales	34,861	40,705	58,360	57,927	109,035	106,851
Internal consumption	116,451	145,350	144,080	165,069	205,811	191,839
Total net sales value	151,312	186,055	202,440	222,996	314,846	298,690
Cost of goods sold:						
Raw material	101,997	129,835	144,669	150,882	217,919	209,748
Direct labor	7,789	9,322	10,775	11,074	14,182	14,445
Other factory costs	26,543	33,226	38,275	40,748	43,849	50,225
Total cost of goods sold	136,329	172,383	193,719	202,704	275,950	274,418
Gross profit	14,983	13,672	8,721	20,292	38,896	24,272
SG&A expenses	9,849	12,193	11,374	12,136	14,510	14,059
Operating income	5,134	1,479	(2,653)	8,156	24,386	10,213
Interest expense	1,770	2,237	1,806	940	1,441	322
Other expenses	226	104	106	221	505	434
CDSOA funds received	0	0	0	0	0	46
Other income items	262	656	416	25	32	10
Net income	3,400	(206)	(4,149)	7,020	22,472	9,513
Depreciation included above	4,259	5,398	5,195	7,958	7,157	7,721
Estimated cash flow	7,659	5,192	1,046	14,978	29,629	17,234
Ratio to net sales (percent)						
Raw material	67.4	69.8	71.5	67.7	69.2	70.2
Direct labor	5.1	5.0	5.3	5.0	4.5	4.8
Other factory costs	17.5	17.9	18.9	18.3	13.9	16.8
Cost of goods sold	90.1	92.7	95.7	90.9	87.6	91.9
Gross profit	9.9	7.3	4.3	9.1	12.4	8.1
SG&A expenses	6.5	6.6	5.6	5.4	4.6	4.7
Operating income	3.4	0.8	(1.3)	3.7	7.7	3.4
Net income	2.2	(0.1)	(2.0)	3.1	7.1	3.2
Number of processors reporting						
Operating losses	2	2	2	1	0	0
Data	4	4	4	4	4	4
Source: Compiled from data submitted in response to Commission questionnaires.						

Table III-11
Raw in-shell pistachios: Results of processor operations (*per pound*), calendar and fiscal years 1999-2004

Item	Calendar and fiscal year					
	1999	2000	2001	2002	2003	2004
Unit value (<i>per pound</i>)						
Commercial sales	\$1.87	\$1.97	\$1.58	\$1.78	\$1.85	\$2.00
Internal consumption	2.01	1.77	1.57	1.79	1.83	2.01
Total net sales	1.98	1.81	1.57	1.79	1.84	2.00
Cost of goods sold:						
Raw material	1.33	1.26	1.13	1.21	1.27	1.41
Direct labor	0.10	0.09	0.08	0.09	0.08	0.10
Other factory costs	0.35	0.32	0.30	0.33	0.26	0.34
Total cost of goods sold	1.78	1.68	1.51	1.63	1.61	1.84
Gross profit	0.20	0.13	0.07	0.16	0.23	0.16
SG&A expenses	0.13	0.12	0.09	0.10	0.08	0.09
Operating income	0.07	0.01	(0.02)	0.07	0.14	0.07
Source: Compiled from data submitted in response to Commission questionnaires.						

Table III-12
Raw in-shell pistachios: Results of processor operations, by firm, calendar and fiscal years 1999-2004

Item	Calendar and fiscal year					
	1999	2000	2001	2002	2003	2004
	Quantity (1,000 pounds)					
Sales:						
Keenan	***	***	***	***	***	***
Nichols	***	***	***	***	***	***
Paramount	***	***	***	***	***	***
Setton	***	***	***	***	***	***
Total	76,595	102,902	128,544	124,680	171,239	148,996
	Value (\$1,000)					
Sales:						
Keenan	***	***	***	***	***	***
Nichols	***	***	***	***	***	***
Paramount	***	***	***	***	***	***
Setton	***	***	***	***	***	***
Total	151,312	186,055	202,440	222,996	314,846	298,690
	Value (\$1,000)					
Operating income or (loss):						
Keenan	***	***	***	***	***	***
Nichols	***	***	***	***	***	***
Paramount	***	***	***	***	***	***
Setton	***	***	***	***	***	***
Total	5,134	1,479	(2,653)	8,156	24,386	10,213
	Ratio to net sales (percent)					
Operating income or (loss):						
Keenan	***	***	***	***	***	***
Nichols	***	***	***	***	***	***
Paramount	***	***	***	***	***	***
Setton	***	***	***	***	***	***
Average	3.4	0.8	(1.3)	3.7	7.7	3.4
	Value (per pound)					
Sales:						
Keenan	***	***	***	***	***	***
Nichols	***	***	***	***	***	***
Paramount	***	***	***	***	***	***
Setton	***	***	***	***	***	***
Average	\$1.98	\$1.81	\$1.57	\$1.79	\$1.84	\$2.00
	Value (per pound)					
Cost of goods sold:						
Keenan	***	***	***	***	***	***
Nichols	***	***	***	***	***	***
Paramount	***	***	***	***	***	***
Setton	***	***	***	***	***	***
Average	\$1.78	\$1.68	\$1.51	\$1.63	\$1.61	\$1.84
Source: Compiled from data submitted in response to Commission questionnaires.						

While processors essentially perform the same activity to transform undried, unhulled pistachios into raw in-shell pistachios, processor-specific direct costs can differ.¹⁹ For example, while guaranteed minimum prices are generally offered by all processors, a ***. ***.²⁰

Paramount experienced ***. According to a Paramount company official, ***. ***.²¹ The composition of Paramount’s sales changed somewhat at the end of the period with *** increasing in absolute terms and as a percentage of total sales.²²

***.²³

Capital Expenditures and Research and Development Expenses

Data on capital expenditures and research and development (“R&D”) expenses for growers and processors are shown in table III-13.²⁴

Table III-13
Raw in-shell pistachios: Capital expenditures and R&D expenses, calendar and fiscal years 1999-2004

Item	Calendar and fiscal year					
	1999	2000	2001	2002	2003	2004
	Value (\$1,000)					
Capital expenditures:						
Growers	31,275	34,848	20,615	16,727	19,457	18,339
Processors	16,028	5,931	***	***	8,719	***
Growers' R&D expenses	***	827	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.						

None of the processors and only *** growers reported R&D expenses.²⁵ R&D activity appears to be conducted primarily by the CPC, as opposed to directly by growers and/or processors. A CPC fee (reportedly around \$.035 per pound) is deducted from the amount paid to the grower by the processor and goes to support the CPC’s overall operations.

¹⁹ Cal-Pure identified the following general characteristics which could serve to distinguish Paramount’s operations (and associated revenue and costs) from other processors: “First, some other processors may export a greater percentage of their output than Paramount does. Second, these exports tend to be in bulk quantities, not in retail packages. Third, some other processors may sell a greater percentage of their output for ingredient uses. Fourth, some other processors may sell flavored pistachios. Finally, other processors tend not to sell as many different types of retail packages as Paramount does.” Cal-Pure’s post-conference brief, pp. 24-25.

²⁰ Staff telephone interview with ***, August 31, 2005.

²¹ Staff telephone interview with ***, August 30, 2005. With respect to Paramount’s ***. ***. E-mail from ***, September 14, 2005. Paramount’s ***.

²² According to Paramount ***. ***. E-mail from ***, September 12, 2005.

²³ Staff telephone interview with ***, September 2, 2005. ***.

²⁴ As indicated in footnote 4, ***. ***.

²⁵ The following growers reported R&D expenditures during the period examined: ***.

A substantial amount of the capital expenditures reported by growers represents capitalized costs related to new planting and orchard development. *** accounted for the largest single share of the total – ranging from *** percent during the period. As indicated previously, some respondents expense all or most costs associated with new plantings. As such, grower capital expenditures presented in table III-13 are somewhat understated.

With respect to processors, *** accounted for the majority of total reported capital expenditures in each year. In 1999, the large level of processor capital expenditures ***.

Assets and Return On Investment

The reported value of assets and calculated return on investment (“ROI”) are shown in table III-14.²⁶ Follow-up telephone conversations with smaller tax-basis growers indicated that reporting total asset value (in the traditional balance sheet accounting sense) was often problematic. Given the small percentage of overall activity accounted for by such growers, period-to-period ROI presented in table III-14 appears to be a reasonable estimate.

Table III-14
Raw in-shell pistachios: Value of assets and return on investment, calendar and fiscal years 1999-2004

Item	Calendar and fiscal year						Period weighted average
	1999	2000	2001	2002	2003	2004	
	Value (\$1,000)						
Growers' total assets	462,395	516,845	518,920	542,060	545,201	606,053	(¹)
Processors' total assets	***	***	***	***	138,501	188,313	(¹)
	Ratio of operating income to assets (percent)						
Growers' return on investment	(1.3)	7.7	(2.8)	13.9	(2.2)	19.1	6.2
Processors' return on investment	***	***	***	***	17.6	5.4	***
¹ Not applicable.							
Source: Compiled from data submitted in response to Commission questionnaires.							

For processors, 2003 was an exceptional year in terms of profitability which in turn resulted in the period's highest level of processor ROI. While the relative decline in total assets in 2003 shown in table III-14 contributed somewhat to higher ROI in that year, the primary factor was increased processing profitability.²⁷

²⁶ As indicated in footnote 4, ***, ***.

²⁷ ***. Staff telephone interview with ***, September 13, 2005.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRY

U.S. IMPORTS

Since 1989, there have been virtually no U.S. imports of raw in-shell pistachios from Iran, with the exception of imports of 27,950 pounds (12,500 kilos) of subject merchandise valued at \$77,000 in 2002, and imports of 953 pounds (426 kilos) valued at \$3,000 in 2003. Table IV-1 presents data on U.S. imports, compiled from official Commerce statistics, during 1981-85 (the period of review in the original investigation), and September 1999-August 2005. Figure IV-1 presents U.S. imports (based on quantity) since crop year 1981/82. Figure IV-2 presents U.S. imports (based on quantity), by sources, for crop years 1985/86 and 2004/05.

Imports of raw in-shell pistachios from Turkey accounted for the overwhelming majority of such imports over the last 15 years. Other sources of imports include China, Israel, Jordan, and Pakistan. Since 1999, imports of raw in-shell pistachios from all sources, as a share of apparent U.S. consumption, have ranged from 0.2 percent to 0.8 percent (*see* table I-9).

U.S. IMPORTERS' INVENTORIES

There were no reported U.S. importers' inventories of raw in-shell pistachios from Iran.

THE INDUSTRY IN IRAN

No foreign producers or exporters (or U.S. importers) of the subject merchandise in Iran entered a notice of appearance in this review, nor did any respondent interested party submit comments to the Commission's notice of institution.¹ The domestic interested parties identified four Iranian entities, RPPC, Nima, Razi, and Maghsoudi, as the only known Iranian producers or exporters that have sold the subject merchandise in the United States since the date of the antidumping duty order.² Information presented in this section on the Iranian industry is based on publicly available information.³

Production

As in the original investigation, Iran remains the world's largest producer of pistachio nuts.⁴ Currently, other major producers are the United States, Turkey, China, Syria, Greece, and Italy. At the time of the original investigation, Iran's crop averaged about 78 million pounds (crop years 1980/81-1984/85). Iranian production has increased steadily since then, accounting for the alternate-bearing cycle. During the 1990s, average on-year crops were in the 400 to 500 million pound

¹ Two Iranian producer/exporters, RPPC and Nima /Razi, entered appearances in Commerce's expedited review of the antidumping duty order.

² Domestic interested parties' response to the notice of institution, pp. 23-24.

³ The domestic interested parties provided a detailed study of the Iranian pistachio sector compiled by the Ministry of Agriculture of the Islamic Republic of Iran ("Iranian Ministry of Agriculture"), *National 4th Plan for Economic, Social, and Political Development, First Volume-Pistachio*, Bahman 1381 (January-February 2002), as presented in Domestic interested parties' response to the notice of institution, exh. 12.

⁴ *World Pistachio Situation & Outlook*, World Horticultural Trade & U.S. Export Opportunities, USDA, December 2003, p. 1.

Table IV-1
Raw in-shell pistachios: U.S. imports, by sources, crop years 1981/82-1985/86, and 1999/2000-2004/05¹

Item	Crop years (September 1-August 31)										
	1981/82	1982/83	1983/84	1984/85	1985/86	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Quantity (1,000 pounds)											
U.S. imports from-											
Iran	3,075	4,123	5,008	21,309	25,841	0	0	28	1	0	0
Turkey	22	1,836	462	146	28	280	936	455	156	434	395
All other sources	47	274	243	321	809	40	14	47	56	122	6
Total imports	3,144	6,233	5,713	21,776	26,678	319	949	530	213	556	402
Landed duty-paid value (\$1,000)											
U.S. imports from-											
Iran	7,392	9,469	11,104	40,289	33,868	0	0	77	3	0	0
Turkey	58	3,127	784	308	48	621	1,426	763	288	827	1,068
All other sources	114	627	489	542	1,112	76	30	109	102	199	17
Total imports	7,564	13,223	12,377	41,139	35,028	697	1,456	949	394	1,027	1,084
Landed duty-paid unit value (per pound)											
U.S. imports from-											
Iran	\$2.40	\$2.30	\$2.22	\$1.89	\$1.31	(²)	(²)	\$2.80	\$3.60	(²)	(²)
Turkey	2.64	1.70	1.70	2.11	1.71	\$2.22	\$1.52	1.68	1.85	\$1.91	\$2.70
All other sources	2.43	2.29	2.01	1.69	1.37	1.92	2.14	2.32	1.84	1.64	2.60
Total imports	2.41	2.12	2.17	1.89	1.31	2.18	1.53	1.79	1.85	1.85	2.70
Share of quantity (percent)											
U.S. imports from-											
Iran	97.8	66.1	87.7	97.9	96.9	0.0	0.0	5.2	0.4	0.0	0.0
Turkey	0.7	29.5	8.1	0.7	0.1	87.6	98.5	85.9	73.3	78.1	98.4
All other sources	1.5	4.4	4.3	1.5	3.0	12.4	1.5	8.9	26.2	21.9	1.6
Total imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (percent)											
U.S. imports from-											
Iran	97.7	71.6	89.7	97.9	96.7	0.0	0.0	8.1	0.9	0.0	0.0
Turkey	0.8	23.6	6.3	0.7	0.1	89.1	98.0	80.3	73.2	80.6	98.5
All other sources	1.5	4.7	4.0	1.3	3.2	10.9	2.0	11.5	26.0	19.4	1.5
Total imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ratio of imports to U.S. production quantity³ (percent)											
U.S. imports from-											
Iran	21.2	9.5	19.0	33.8	95.4	0.0	0.0	0.0	0.0	0.0	0.0
Turkey	0.2	4.2	1.8	0.2	0.1	0.2	0.4	0.3	0.1	0.4	0.1
All other sources	0.3	0.6	0.9	0.5	3.0	0.0	0.0	0.0	0.0	0.1	0.0
Total imports	21.7	14.4	21.6	34.5	98.4	0.3	0.4	0.3	0.1	0.5	0.1

¹ Data for the period 1981/82-1985/86 are based on item 145.26 of the Tariff Schedules of the United States (TSUS). Data for the period 1999/2000-2004/05 are based on subheading 0802.50.20 of the HTS.

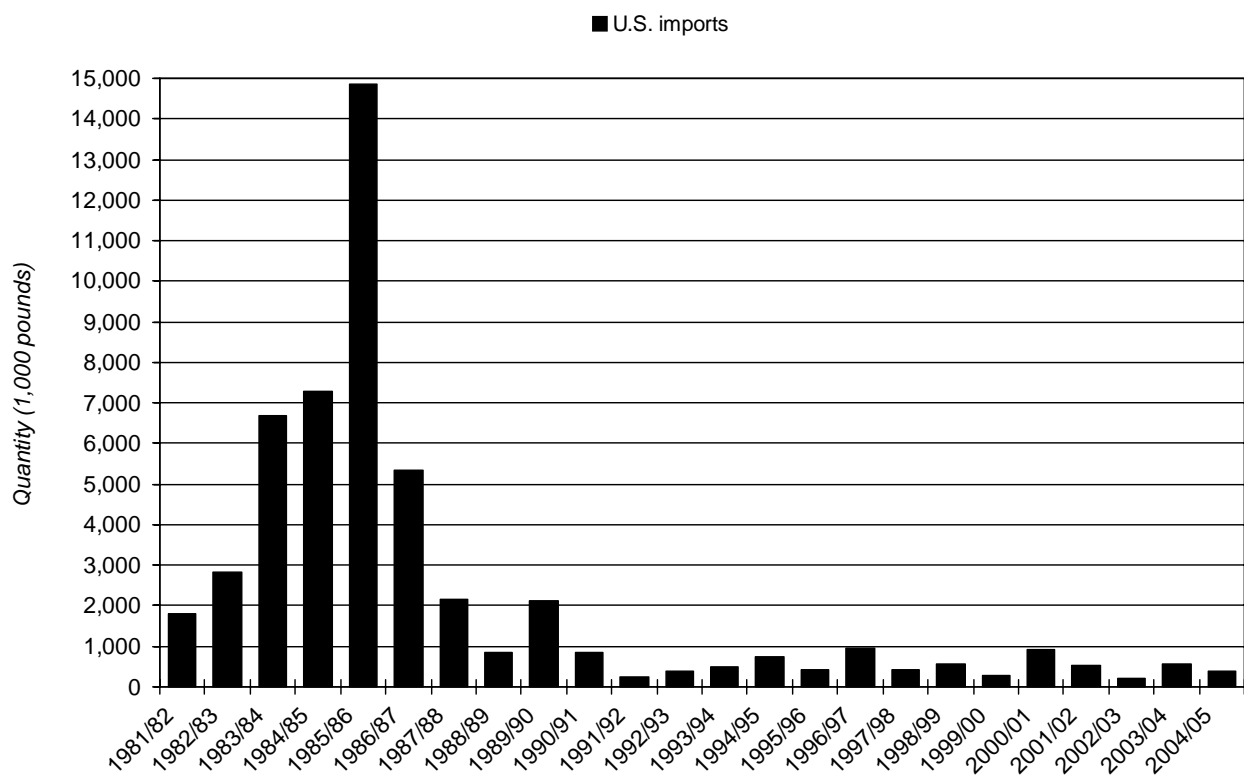
² Not applicable.

³ U.S. production (in 1,000 pounds) was 14,500 in 1981/82, 43,400 in 1982/83, 26,400 in 1983/84, 63,100 in 1984/85, and 27,100 in 1985/86. *In-Shell Pistachios From Iran*, Inv. No. 731-TA-287 (Final), USITC Pub. 1875 (July 1986), p. A-21.

Note.—Data presented for the period 1981/82-1985/86 are based on data presented in table 3 of *In-Shell Pistachios From Iran*, Inv. No. 731-TA-287 (Final), USITC Pub. 1875 (July 1986). Data for 1999/2000-2004/05 are based on official Commerce statistics.

Source: *In-Shell Pistachios From Iran*, Inv. No. 731-TA-287 (Final), USITC Pub. 1875 (July 1986), and official Commerce statistics.

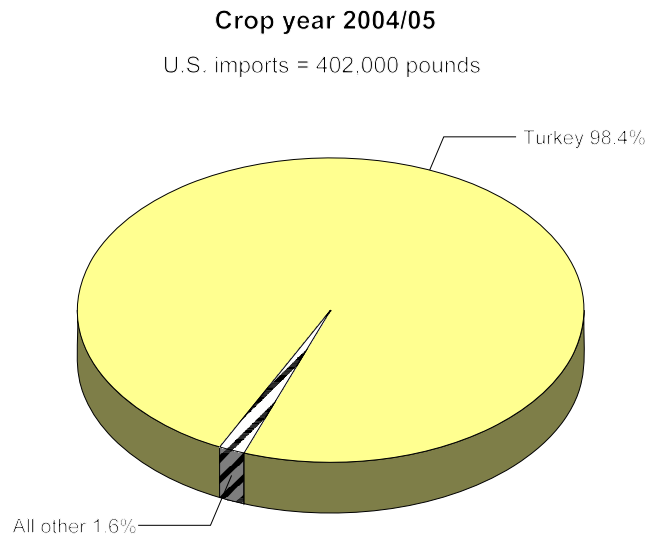
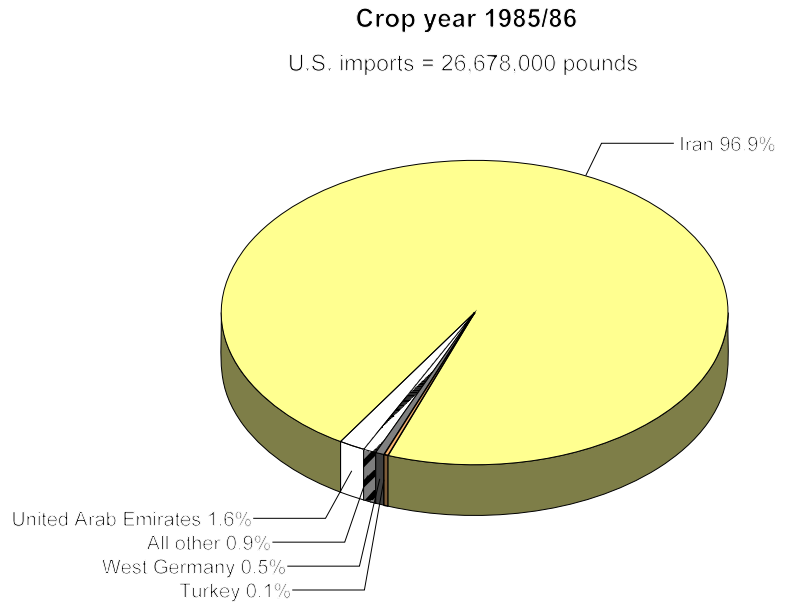
Figure IV-1
Raw in-shell pistachios: U.S. imports, crop years 1981/82-2004/05



Note.—Import data presented in figure are from USDA data, and differ from import data presented in table IV-1.

Source: Fruit and Tree Nuts Situation and Outlook Yearbook, FTS 2005, October 2005, Table E-16, Economic Research Service, USDA.

Figure IV-2
Raw in-shell pistachios: U.S. imports, by sources, crop years 1985/86 and 2004/05



Source: Compiled from official Commerce statistics.

range, while the off-years were in the 150 to 300 million pound range. Iranian production of pistachios was 672 million pounds in crop year 2004/05.⁵

Industry Structure

The Iranian Ministry of Agriculture of Iran calculates that as of 2001 there were 693,143 acres (280,511 hectares) of bearing pistachio trees and 266,416 acres (107,817 hectares) of seedlings (non-bearing) pistachio trees.⁶ While pistachios are grown in 21 provinces, the principal producing area is Kerman province, located in the arid southeast of Iran. Kerman accounted for 81 percent of production bearing acreage and 55 percent of pistachio production of 248 million pounds (112,432 metric tons) in 2001.⁷

According to information of the Iranian Ministry of Agriculture, approximately 70 percent of pistachio orchards in Iran are small farms of less than 5 hectares (12.4 acres) and 30 percent are larger than 5 hectares. Ninety percent of Iranian pistachio orchards are privately owned, 7 percent are cooperatives, and 3 percent are governmental and semi-governmental operations. The Ministry of Agriculture assesses that approximately 10 percent of pistachio orchards are managed by “desirable methods” and are considered “first grade” orchards. Seventy percent can be upgraded if the management methods are improved, and the remaining 20 percent of orchards need to be overhauled, the pistachio variety changed, and proper management instituted.⁸

Razi and Maghsoudi, two Iranian growers that have exported pistachios to the United States since 1986, operate small pistachio farms. Razi operates a 124-acre (50 hectare) farm in Bagh Janat, Domghan, Iran, with 99 acres under pistachio cultivation in 2003. Razi sold 155,200 pounds of raw in-shell pistachios and 9,000 pounds of raw shelled pistachios in 2003, with a total sales value of \$247,000.⁹ As of 2002, Maghsoudi owned two farms, a 568-acre farm with 420 cultivated acres of pistachios in Central Province, and a 60-acre farm in Kerman province.¹⁰

⁵ See Food and Agriculture Organization (“FAO”) of the United Nations (“UN”), FAO statistical database retrieved at <http://faostat.fao.org/faostat/default.jsp?language=EN&version=ext&hasbulk=>. See also table IV-5.

⁶ Iran grows four major commercial varieties of pistachios: Akbari, Kalleh Ghnoochi, Ahmad Aghaei, and Ohadi. Other important varieties include Badami, Zarand, Momtaz, Khanjari of Damghan, Shah Passand, Sefid Poost of Noogh, and Ghzvini. *National 4th Plan for Economic, Social, and Political Development, First Volume–Pistachio*, Bahman 1381 (January-February 2002), Iranian Ministry of Agriculture, as presented in Domestic interested parties’ response to the notice of institution, p. 12.

⁷ *Ibid.*, pp. 10-11. For comparison, the United States reported pistachio production acreage of 93,000 acres in 2004.

⁸ *National 4th Plan for Economic, Social, and Political Development, First Volume–Pistachio*, Bahman 1381 (January-February 2002), Iranian Ministry of Agriculture, p. 8.

⁹ Cal-Pure Pistachio’s posthearing brief, p.3, citing Razi’s July 8, 2004, submission to Commerce in the 2003 administrative review of the CVD order on raw pistachios.

¹⁰ Cal-Pure Pistachio’s posthearing brief, p.3.

Exports

Iran is the world's leading exporter of pistachios, exporting over three times its nearest competitor, the United States.¹¹ Iranian pistachios are the country's top agricultural export and have typically ranked third following oil and carpets. In 2003, Iranian exports of pistachios were greater than exports of carpets for the first time, becoming the top non-oil export.¹² Iran typically exports anywhere from 50 percent to 80 percent of its crop, depending on its size. Iran's main export market has traditionally been the EU, followed by sizeable exports to Hong Kong and China.¹³ Mexico, Lebanon, and Russia, Saudi Arabia, and Taiwan are also important markets for Iranian pistachios.¹⁴ Table IV-2 presents data on Iran's exports of in-shell pistachios in calendar years 1997-2003. Figure IV-3 present data on Iran's exports to selected markets during calendar years 2000-2004. Table IV-3 present data on imports of raw pistachios from Iran by selected countries. Table IV-4 and figure IV-4 present data on European Union imports of pistachios from Iran and the United States.

Food Safety Concerns

In most pistachio growing regions in Iran, pistachio growers encounter difficulty in finding suppliers of chemical fertilizers to satisfy their needs. Instead, many growers use animal fertilizers, which are infected by aflatoxin fungi. The lack of timely pesticide applications also contributes to the aflatoxin problem.¹⁵

Most orchards are not able to be harvested by mechanical means and are harvested by hand. The delay in harvesting ripe pistachios plays a central role in infecting them with aspergillus fungus. As a result of manual picking or shaking of the trees, the kernels fall on the ground and come in contact with the soil and overripe and diseased fruits already on the soil. Following collection, pistachios are also subject to infection as a result of delays in drying, and exposure to unsanitary processing and storage.¹⁶

¹¹ *World Pistachio Situation & Outlook*, World Horticultural Trade & U.S. Export Opportunities, USDA, December 2003, p. 4.

¹² *Iranian pistachios top in last year's list of non-oil exports*, Payvand's Iran News, retrieved on August 17, 2005 at <http://www.payvand.com/news/04/apr/1145.html>.

¹³ The United Arab Emirates ("UAE") is a large importer of Iranian pistachios; however, the UAE engages in packaging and distribution operations and re-exports Iranian pistachios to global markets. Cal-Pure Pistachio's posthearing brief, pp 4-5, 19, and exh. 1.

The UAE is a major transfer point for the Iranian industry, with most shipped on to Europe, China, and India. Hearing transcript, pp. 124-125 (Reinecke).

¹⁴ COMTRADE, U.N. trade data.

¹⁵ *National 4th Plan for Economic, Social, and Political Development, First Volume—Pistachio*, Bahman 1381 (January-February 2002), as presented in Domestic interested parties' response to the notice of institution, pp. 21-22.

¹⁶ *Ibid.*, p. 29.

Table IV-2
Raw in-shell pistachios: Iran's exports, by selected markets, 1997-2003¹

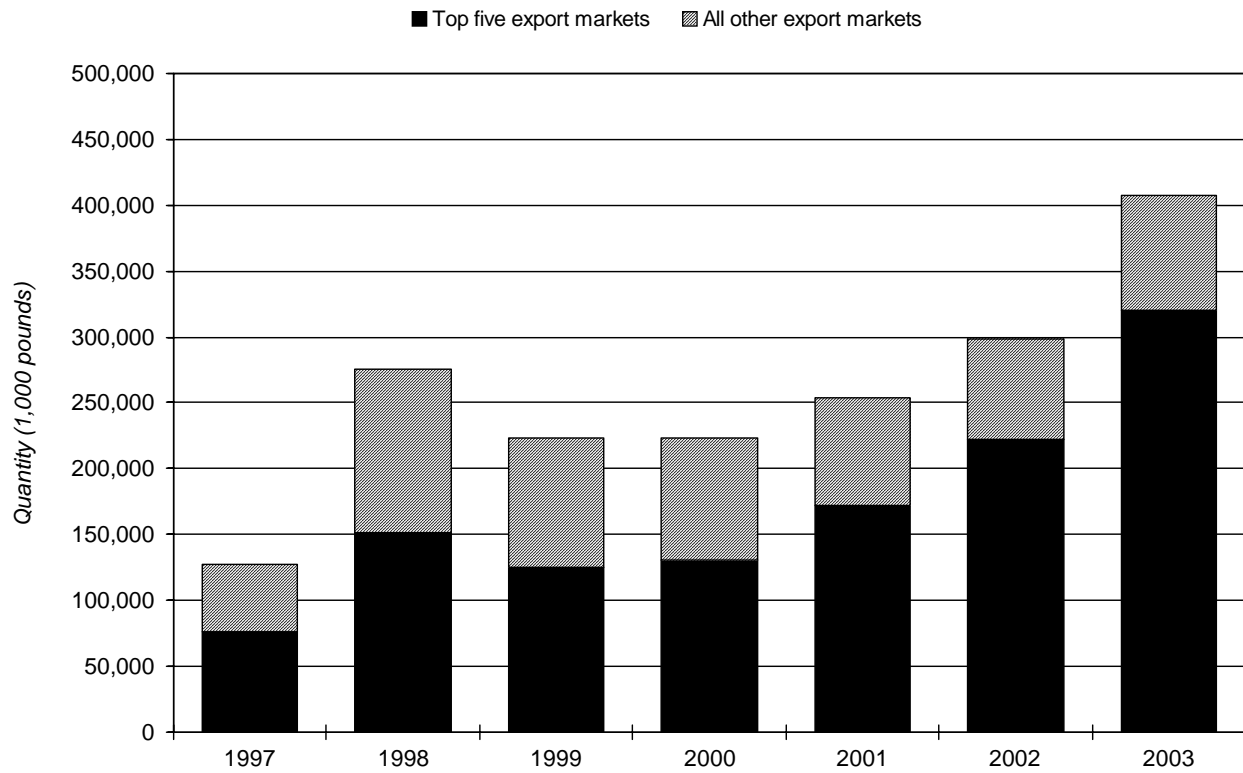
Market	Calendar years						
	1997	1998	1999	2000	2001	2002	2003
	Quantity (1,000 pounds)						
United Arab Emirates ²	31,936	42,419	29,912	37,851	53,671	113,008	162,217
Germany	36,521	76,052	68,429	55,721	56,323	41,931	76,564
Hong Kong	1,477	21,832	12,075	22,009	40,611	42,619	38,184
Russia	1,534	3,045	6,290	7,167	12,780	15,445	25,580
Taiwan	4,561	7,802	8,029	7,939	8,997	9,409	17,767
Subtotal	76,030	151,150	124,734	130,686	172,382	222,413	320,311
All other markets	51,687	124,143	98,405	92,545	81,885	75,900	87,421
Total	127,717	275,293	223,139	223,231	254,268	298,313	407,732
	Value (\$1,000)						
United Arab Emirates ²	49,461	65,730	43,155	53,488	76,203	166,278	270,275
Germany	56,553	115,484	96,892	79,802	79,936	64,325	124,813
Hong Kong	2,340	32,875	15,950	30,429	57,138	58,823	62,118
Russia	2,332	4,551	7,881	9,242	17,596	21,674	42,066
Taiwan	7,593	12,831	12,113	11,750	13,334	14,629	31,456
Subtotal	118,279	231,471	175,991	184,711	244,207	325,729	530,728
All other markets	79,036	184,541	139,092	129,512	114,733	110,824	149,212
Total	197,315	416,012	315,083	314,223	358,940	436,553	679,940
	Unit value (per pound)						
United Arab Emirates ²	\$1.55	\$1.55	\$1.44	\$1.41	\$1.42	\$1.47	\$1.67
Germany	1.55	1.52	1.42	1.43	1.42	1.53	1.63
Hong Kong	1.58	1.51	1.32	1.38	1.41	1.38	1.63
Russia	1.52	1.49	1.25	1.29	1.38	1.40	1.64
Taiwan	1.66	1.64	1.51	1.48	1.48	1.55	1.77
Subtotal	1.56	1.53	1.41	1.41	1.42	1.46	1.66
All other markets	1.53	1.49	1.41	1.40	1.40	1.46	1.71
Total	1.54	1.51	1.41	1.41	1.41	1.46	1.67
	Share of shipment quantity (percent)						
United Arab Emirates ²	25.0	15.4	13.4	17.0	21.1	37.9	39.8
Germany	28.6	27.6	30.7	25.0	22.2	14.1	18.8
Hong Kong	1.2	7.9	5.4	9.9	16.0	14.3	9.4
Russia	1.2	1.1	2.8	3.2	5.0	5.2	6.3
Taiwan	3.6	2.8	3.6	3.6	3.5	3.2	4.4
Subtotal	59.5	54.9	55.9	58.5	67.8	74.6	78.6
All other markets	40.5	45.1	44.1	41.5	32.2	25.4	21.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

¹ Data are presented for Iran's top five export markets based on export quantity in 2003, the latest period for which data are available.

² The UAE is not a major consumer of raw or roasted pistachios; rather, most Iranian pistachios are transshipped through the UAE to third countries.

Source: FAO statistical database retrieved at <http://faostat.fao.org/faostat/default.jsp?language=EN&version=ext&hasbulk=>.

Figure IV-3
Raw in-shell pistachios: Iran's exports, by selected markets, 1997-2003



Source: Table IV-2.

Table IV-3
Raw pistachios: Imports from Iran, by selected markets, 1997-2003¹

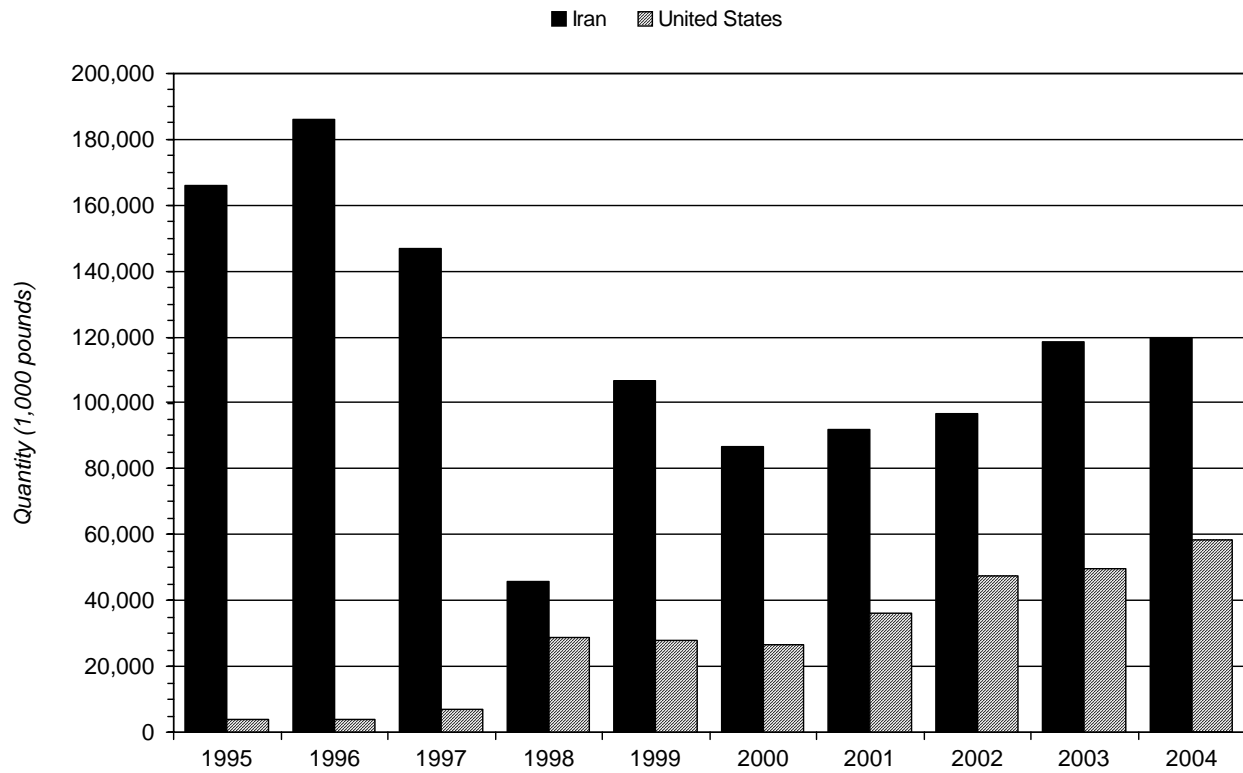
Markets	Calendar year				
	2000	2001	2002	2003	2004
	Quantity (1,000 pounds)				
China	11,296	11,142	8,858	16,731	12,707
France	6,345	9,740	6,012	5,481	8,402
Germany	42,895	38,790	31,231	34,374	32,886
Hong Kong	21,876	25,743	63,894	120,225	71,273
Italy	11,585	14,442	14,698	14,824	9,791
Lebanon	9,087	9,676	9,312	10,992	(¹)
Saudi Arabia	9,813	8,907	11,096	12,403	(¹)
Spain	19,522	27,115	31,857	46,817	(¹)
Subtotal	121,123	134,413	168,100	245,116	122,352
All other sources	73,497	78,468	74,475	117,562	41,725
Total	194,620	212,881	242,575	362,678	164,077
	Value (\$1,000)				
China	2,787	3,081	3,671	11,086	13,492
France	10,796	17,607	10,285	9,734	15,160
Germany	76,340	60,813	55,258	62,738	70,750
Hong Kong	28,174	31,112	75,252	130,908	96,933
Italy	19,725	21,893	23,756	22,177	16,524
Lebanon	16,717	18,280	16,882	17,826	(¹)
Saudi Arabia	8,533	7,487	10,251	10,624	(¹)
Spain	30,623	50,912	49,257	65,757	(¹)
Subtotal	190,908	208,104	240,941	319,764	199,367
All other sources	69,899	68,040	83,960	102,214	62,361
Total	260,807	276,144	324,901	421,978	261,728
	Unit value (per pound)				
China	\$0.25	\$0.28	\$0.41	\$0.66	\$1.06
France	1.70	1.81	1.71	1.78	1.80
Germany	1.78	1.57	1.77	1.83	2.15
Hong Kong	1.29	1.21	1.18	1.09	1.36
Italy	1.70	1.52	1.62	1.50	1.69
Lebanon	1.84	1.89	1.81	1.62	(²)
Saudi Arabia	0.87	0.84	0.92	0.86	(²)
Spain	1.57	1.88	1.55	1.40	(²)
Subtotal	1.58	1.55	1.43	1.30	1.63
All other sources	0.95	0.87	1.13	0.87	1.49
Total	1.34	1.30	1.34	1.16	1.60
	Share of quantity (percent)				
China	3.3	4.6	2.5	1.5	5.1
France	3.3	4.6	2.5	1.5	5.1
Germany	22.0	18.2	12.9	9.5	20.0
Hong Kong	11.2	12.1	26.3	33.1	43.4
Italy	6.0	6.8	6.1	4.1	6.0
Lebanon	4.7	4.5	3.8	3.0	(²)
Saudi Arabia	10.0	12.7	13.1	12.9	(²)
Spain	10.0	12.7	13.1	12.9	(²)
Subtotal	62.2	63.1	69.3	67.6	74.6
All other sources	37.8	36.9	30.7	32.4	25.4
Total	100.0	100.0	100.0	100.0	100.0
¹ Not available. ² Not applicable.					
Source: U.N. data retrieved at http://fastnet.usda.gov/untrdscrips/unmain.exe .					

Table IV-4
In-shell pistachios: European Union imports from Iran and the United States, 1995-2004

Period	Iran		United States	
	Quantity	Percent change from previous year	Quantity	Percent change from previous year
	1,000 pounds	Percent	1,000 pounds	Percent
	Quantity (1,000 pounds)			
1995	165,939		3,854	
1996	186,132	12.2	3,972	3.1
1997	147,029	-21.0	7,016	76.6
1998	45,948	-68.7	28,728	309.5
1999	106,722	132.3	28,045	-2.4
2000	86,774	-18.7	26,455	-5.7
2001	91,896	5.9	36,225	36.9
2002	96,670	5.2	47,357	30.7
2003	118,551	22.6	49,888	5.3
2004	119,633	0.9	58,217	16.7

Source: Eurostat, as presented in Cal-Pure Pistachio's posthearing brief, exh. 4.

Figure IV-4
In-shell pistachios: European Union imports from Iran and the United States, 1995-2004



Source: Table IV-4.

In 1997, the EU suspended imports of pistachios from Iran for three months after detecting levels of aflatoxin contamination 200 times above normal levels.^{17 18} In response, Iran began to separate and give special treatment to pistachios destined for export to the EU. The Chamber of Commerce in the southern province of Kerman established a so-called “green corridor” to provide greater inspection and oversight of pistachios for export.¹⁹

In June 2004, the EU again warned Iran that imports of pistachios would be banned, and gave Iran six months to reduce from 16 percent to 10 percent the quantity of consignments rejected by the EU for aflatoxin contamination. The EU currently tests all imports of pistachios from Iran.²⁰

According to the Iranian Ministry of Agriculture, Iran also has embarked on a comprehensive program to improve pistachio research, production, harvesting, storage, processing, and transportation with a goal of reducing aflatoxin levels and improving product quality and production yields.²¹

THE GLOBAL MARKET

Pistachios are produced commercially in 18 countries on over one million acres. Production has increased worldwide by more than 250 percent since 1986, largely due to an increase in acreage in most producing countries, except Iran. Worldwide average yields are around 1,000 pounds per acre, ranging from a few hundred pounds to over 3,600 pounds per acre in the United States.²²

¹⁷ Exports to the EU account for approximately 16 percent of Iranian pistachio production.

¹⁸ EU decision 97/830/EC requires EU authorities to sample and analyze all consignments of pistachio products from Iran for aflatoxin B1 and total aflatoxin. Consignments with aflatoxin values exceeding the EU tolerance levels are not allowed entry into the EU market. *Green Corridor 2005: Aflatoxin Contamination in Pistachio Nuts from Iran*, p. 4, retrieved on October 27, 2005 at <http://www.treenuts.org/pdf/research.pdf> (also presented in Cal-Pure Pistachio’s prehearing brief, exh. 12).

EU regulation (EC) No. 2174/2003 sets a maximum level for aflatoxin B1 of 2 micrograms/kg and total aflatoxin levels of 4 micrograms/kg. Citation retrieved on October 27, 2005, at <http://www.europa.eu.int/scadplus/leg/en/lvb/l21115k.htm>. As reference, the United States permits a maximum aflatoxin level of 20 micrograms/kg with no specific maximum level for aflatoxin B1. The Joint FAO/WHO Expert Committee on Food Additives (“JECFA”) recently concluded that there is no significant difference in risk to human health between the maximum levels of 10 micrograms/kg and 20 micrograms/kg for aflatoxin B1 in food. Citation retrieved on October 27, 2005 at <http://www.fao.org/es/esn/publications/fna/article.jsp?lang=en&myURI=id96>.

¹⁹ See *Green Corridor 2005: Aflatoxin Contamination in Pistachio Nuts from Iran*, retrieved on October 27, 2005 at <http://www.treenuts.org/pdf/research.pdf>. See also *Report on Green Corridor 2004*, Green Corridor 2004 Iranian Pistachio Project, Rev. 1, June 2005, retrieved at <http://www.treenuts.org/pdf/1june.pdf> (also presented in Cal-Pure Pistachio’s prehearing brief, exh. 13).

²⁰ *Iran’s Pistachio Under Threat of EU Ban*, June 8, 2004, Middle East Online, retrieved on September 10, 2005 at <http://www.middle-east-online.com/english/?id=10217>.

²¹ Ibid.

²² Reiger, Mark, “Pistachio - Pistacia vera,” University of Georgia, retrieved on November 4, 2005, at <http://www.uga.edu/fruit/pistacio.htm> on March 1, 2005.

According to the CPC, historically the top four global producers of pistachios are Iran, the United States, Turkey, and Syria. Table IV-5 and figure IV-5 present data on pistachio production for selected countries since crop year 1981/82.²³ Data on apparent consumption for selected countries for crop years 2001/02 through 2004/05 are presented in table IV-6.

Raw in-shell pistachios are subject to varying applied tariff rates around the world. The applied tariff rates range from “free” to 40 percent *ad valorem*. Table IV-7 presents information on applied and bound tariff rates for raw in-shell pistachios, by sources.

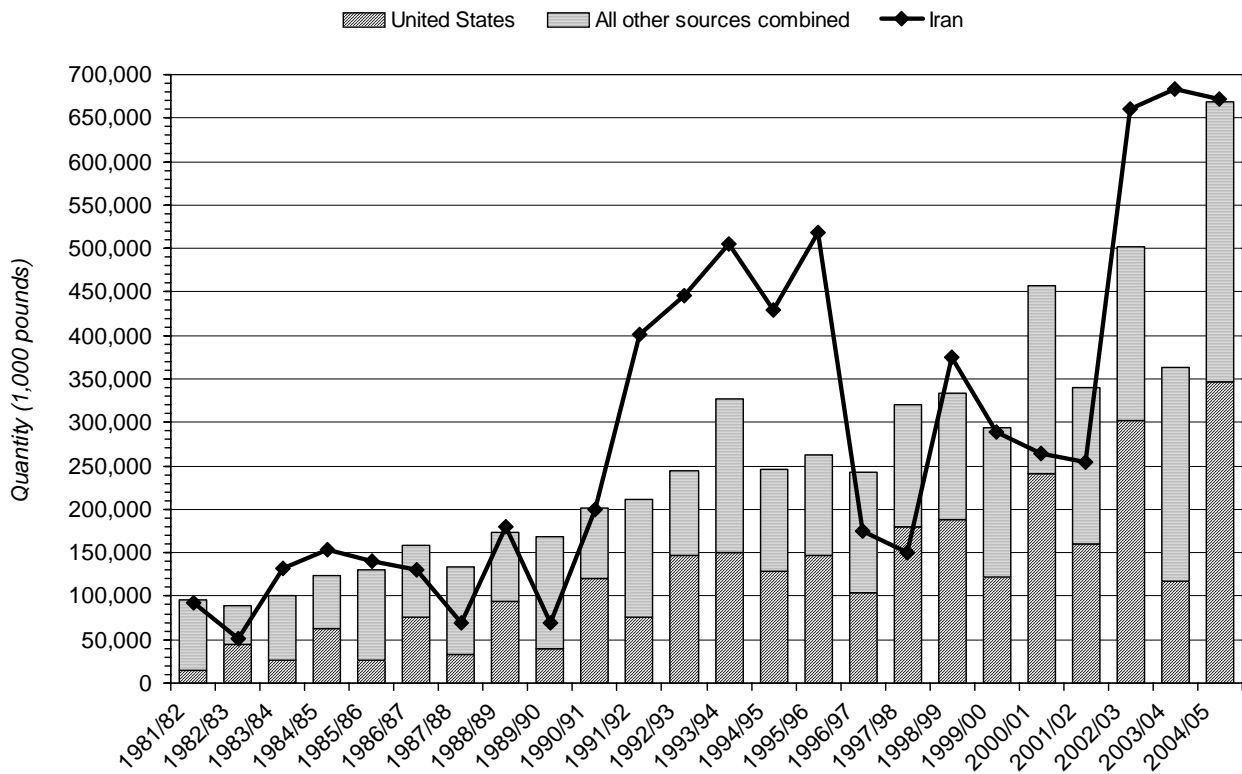
Table IV-5
Raw in-shell pistachios: Production, by selected sources, crop years 1981/82-2004/05

Crop years	Iran	U.S.	Turkey	Syria	Greece	Italy	Total
	Quantity (1,000 pounds)						
1981/82	92,400	14,148	46,200	20,200	5,000	9,800	187,748
1982/83	50,600	43,215	24,200	17,600	3,600	400	139,615
1983/84	132,000	26,319	39,600	20,200	5,600	8,800	232,519
1984/85	154,000	62,639	33,000	23,800	4,400	400	278,239
1985/86	140,000	27,289	72,600	22,000	5,000	4,400	271,289
1986/87	130,000	76,694	44,000	31,400	5,000	600	287,694
1987/88	70,000	33,459	55,000	27,600	8,800	8,800	203,659
1988/89	180,000	96,402	33,000	39,400	6,600	600	356,002
1989/90	70,000	39,514	77,200	34,800	10,800	7,200	239,514
1990/91	200,000	117,295	30,800	44,000	5,800	600	398,495
1991/92	401,200	76,430	99,200	24,000	5,000	6,600	612,430
1992/93	445,300	146,500	44,000	44,000	10,000	600	690,400
1993/94	504,900	150,907	110,000	48,400	9,000	8,800	832,007
1994/95	429,900	128,328	55,100	52,900	9,300	700	676,228
1995/96	518,100	147,653	66,100	35,300	8,800	4,900	780,853
1996/97	175,000	104,324	88,200	39,700	9,600	700	417,524
1997/98	150,000	179,492	88,100	33,100	11,000	8,800	470,492
1998/99	375,000	187,487	55,100	79,400	11,000	1,100	709,087
1999/2000	289,200	122,392	88,000	66,300	11,000	5,800	582,692
2000/01	264,600	241,554	132,300	68,300	14,300	200	721,254
2001/02	253,500	160,295	77,200	88,000	14,300	200	593,495
2002/03	661,000	302,435	88,200	86,400	18,700	5,500	1,162,235
2003/04	683,000	118,042	110,200	110,200	18,700	5,500	1,045,642
2004/05	672,400	346,781	187,200	110,200	18,700	5,500	1,340,781

Source: California Pistachio Commission.

²³ According to the FAO, Iran accounted for 58 percent of global production in 2003, followed by Turkey (16 percent), the United States (10 percent), and Syria (9 percent). *World Pistachio Situation & Outlook*, World Horticultural Trade & U.S. Export Opportunities, December 2004, p. 1.

Figure IV-5
Raw in-shell pistachios: Production, by selected sources, crop years 1981/82-2004/05



Source: Table IV-5.

Table IV-6
Raw in-shell pistachios: Production, imports, changes in inventory, exports, and apparent consumption,
by selected sources, crop years 2001/02-2004/05¹

Item	Crop years (September 1-August 31)			
	2001/02	2002/03	2003/04	2004/05
	Quantity (1,000 pounds)			
Greece:				
Production	16,535	21,759	19,841	20,944
Imports	5,071	4,123	6,614	6,173
Changes in inventory stocks	3,197	2,844	(661)	(2,315)
Exports	772	992	661	772
Apparent consumption ²	17,637	22,046	26,455	28,660
Italy:				
Production	8,818	(³)	(³)	(³)
Imports	17,637	(³)	(³)	(³)
Changes in inventory stocks	3,307	(³)	(³)	(³)
Exports	4,409	(³)	(³)	(³)
Apparent consumption ²	18,739	(³)	(³)	(³)
Syria:				
Production	92,593	92,593	110,230	88,184
Imports	8,818	8,818	8,818	11,023
Changes in inventory stocks	1,102	(1,102)	4,409	(6,614)
Exports	23,148	22,046	26,455	17,637
Apparent consumption ²	77,161	80,468	88,184	88,184
Turkey:				
Production	66,138	77,161	198,414	66,138
Imports	441	331	0	0
Changes in inventory stocks	(44,092)	(13,228)	81,570	(33,069)
Exports	22,046	7,716	13,228	6,614
Apparent consumption ²	88,625	83,003	103,616	92,593
United States:				
Production	161,465	303,269	118,940	347,590
Imports	1,922	3,157	5,814	3,307
Changes in inventory stocks	(46,063)	89,106	(65,541)	97,368
Exports	129,602	118,030	91,292	143,299
Apparent consumption ²	79,848	99,291	99,002	110,230
¹ Data for Iran not available. ² Apparent consumption = production + imports - changes in inventory stocks - exports. ³ Data not reported.				
Source: Foreign Agricultural Service, USDA (12/10/2004), retrieved on September 19, 2005 at http://www.fas.usda.gov/psd/complete_tables/HTP-table6-117.htm .				

Table IV-7
Raw in-shell pistachios: Applied and bound tariff rates for HTS item 0802.50, by selected sources

Source	Applied tariff rates in 2005	Bound tariff rates	
		Rate	Year
	Percent	Percent	
Argentina	(¹)	(²)	2004
Australia	Free	0.0	2000
Bahamas	35.0	(²)	(²)
Brazil	10.0	15.0	2004
Canada	Free	0.0	2000
Chile	Free	6.0	2004
China	10.0	40.0	2004
European Union	1.6	1.6	2000
Hong Kong	Free	(²)	(²)
India	30.6	100.0	2004
Indonesia	5.0	40.0	2004
Israel	Free (plus 17% VAT)	23.0	2004
Japan	Free	0.0	2000
Lebanon	5.0	(²)	(²)
Malaysia	0.0 (plus 5% sales tax)	(²)	2004
Macedonia	16.0	(²)	(²)
Mexico	Free	27.0	2004
New Zealand	Free	0.0	2004
Philippines	(¹)	40.0	2004
Russia	5.0	(²)	(²)
South Korea	30.0	45.0	2004
Singapore	Free	(²)	2004
Switzerland	Free	0.0	2004
Taiwan	3.0	5.0	2004
Thailand ³	10.0	40.0	2004
Turkey	(¹)	43.2	2004
Venezuela	15.0	(⁴)	2004
Vietnam	40.0	(²)	(²)
Yemen	25.0	(²)	(²)

¹ Bound rate applies.

² Not applicable.

³ Or 8.5 baht/kg, whichever rate is higher.

⁴ Not available.

Source: Schramm, Williams & Associates, Inc., using information from the Foreign Agriculture Service, USDA, as presented in Paramount Farms' processor/dryer questionnaire response, exh. 14.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Prices for raw in-shell pistachios are determined by the cost of planting acreage, labor, and, to a lesser extent, drying/processing. After drying, most raw in-shell pistachios are roasted, which two purchasers estimated would add an additional 5 to 7 percent to the total cost of the pistachio. All purchasers noted that *** is a price leader in the market, with one estimating that *** controls about *** percent of the market. This large percentage led three purchasers to note that *** sets the price for the market.

Transportation Costs to the United States

Transportation costs for raw in-shell pistachios to the United States from Iran are estimated for 2002 to be approximately 3.1 percent, and represent the transportation and other charges on imports valued on a c.i.f. basis as compared to a customs value basis.¹ There were very few imports of raw in-shell pistachios from Iran in 2003 and no imports listed in 2004.

U.S. Inland Transportation

Transportation costs of raw in-shell pistachios for delivery within the United States vary from firm to firm but tend to account for a small percentage of the total cost of the product. Six of the seven U.S. processors that responded to this question noted that these costs accounted for between *** and *** percent of the total cost of raw in-shell pistachios, and one noted that they accounted for ***. Processors, except for the small *** reported selling 10 percent or less of their raw in-shell pistachios within 100 miles, between 10 and 52 percent within 100 to 1,000 miles, and between 48 and 85 percent of their raw in-shell pistachios at a distance greater than 1,000 miles from their storage facilities. Purchasers usually arrange transportation.

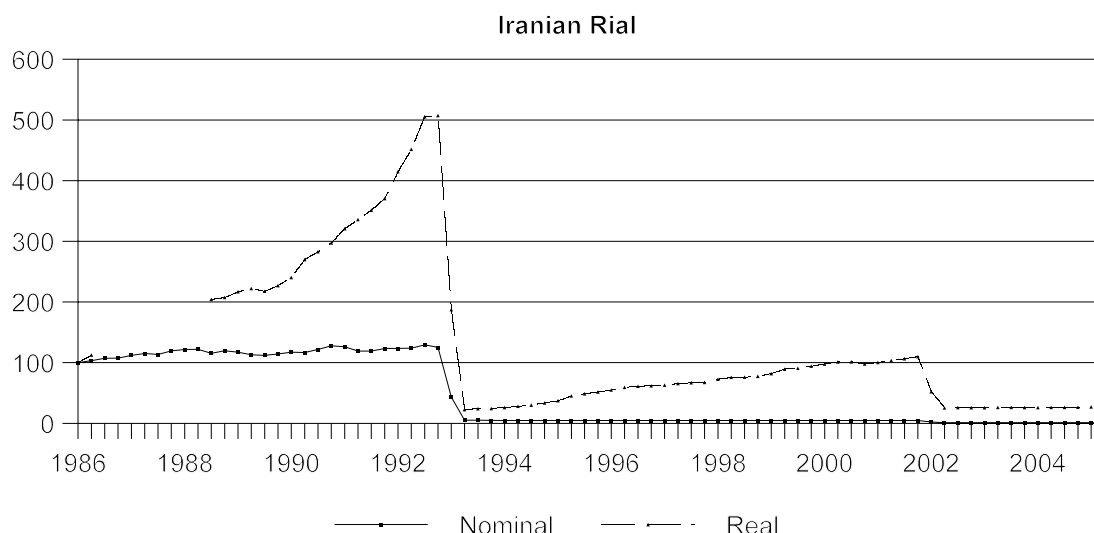
Exchange Rates

Quarterly nominal and real exchange rate data for the Iranian rial relative to the U.S. dollar are presented in figure V-1.² Iran has maintained a varying number of official exchange rates during the period under review, with the rate depending on whether it pertains to oil and other exports, "essential" imports, other imports, foreign debt, and other categories. Twice since 1986, Iran's official rate has undergone two large devaluations, once in 1993 and again in 2002. Quarterly data reported by the International Monetary Fund indicate that the dollar, in general, depreciated in both nominal and real terms against the Iranian rial until the devaluation in 1993. After the devaluation, the dollar continued to depreciate in real terms until the second devaluation, after which the dollar has only slightly depreciated. Exact trends can be seen in figure V-1.

¹ These data refer to HTS statistical reporting number 0802.50.2000.

² Real exchange rates are calculated by adjusting the nominal exchange rates for movements in producer prices in the United States and wholesale prices in Iran.

Figure V-1
Exchange rates: Indices of the nominal and real values of the Iranian rial relative to the U.S. dollar, by quarters, 1986-2005



Source: International Monetary Fund, *International Financial Statistics*, IFS On-line, 2005.

PRICING PRACTICES

Pricing Methods

Questionnaire responses indicate that most U.S. processors of raw in-shell pistachios determine prices on a transaction-by-transaction basis, based on current market conditions, with three of seven also reporting the use of price lists. Three of seven responding processors sell only on the spot market, two sell 20 percent on the spot market, with each of these firms selling the rest on a contract basis (one via long-term, i.e., 12-month contracts, and the other via short-term contracts). One further processor sells 10 percent on the spot market, 90 percent via short- and long-term contracts. *** noted only selling via contracts, with the average length being ***. *** was not able to accurately report its sales by spot or contract, but noted selling via contracts that average *** in length. Processors reported average contract lengths of between 4 months and 1 year.

Six of seven purchasers noted that their purchases of raw, in-shell pistachios involve negotiations, five of which negotiate with respect to price. Two purchasers reported that they do not quote competing prices, though one of these, ***, which does negotiate with respect to price stated that it is familiar with what is the “correct price” so it does not need to quote other prices.

Sales Terms and Discounts

Five of eight responding processors reported no offered discount policy. The remaining three offer quantity discounts, and one offers an annual total volume discount in addition. Sales terms offered by domestic processors are typically net 30 and are on a f.o.b. basis.³ U.S. producers reported a variety of sales terms and basis for price quotes.

Purchasers generally noted purchasing raw in-shell pistachios infrequently. One purchaser reported buying pistachios monthly, one buys quarterly, one buys 1 to 3 times a year, and two purchase on an annual basis. Two purchasers noted an expectation of this pattern to change within the next two years, with *** expecting to buy more and *** not expecting to make any further purchases. Purchasers reported contacting between one and three suppliers when ordering raw in-shell pistachios. Three of seven purchasers tend to vary their purchases from a given supplier based on the price offered by that supplier within a certain time frame. Three of seven purchasers also reported that the market has added suppliers since 2002, either through attrition or mergers, with all three noting the emergence of ***. Of the responding purchasers, only *** has changed suppliers since 2000.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of sales of four raw in-shell pistachio products to unrelated U.S. customers. These data were used to determine the weighted-average price in each quarter. Data were requested for the period July 1999 through June 2005. The pistachio products for which pricing data were requested are as follows:

Product 1.— Raw in-shell pistachios, open in-shell, grade very large (sizes 18/20 and 20/22)

Product 2.— Raw in-shell pistachios, open in-shell, grade large (sizes 22/24, 24/26, and 21/25)

Product 3.— Raw in-shell pistachios, open in-shell, grade medium (sizes 26/28, 28/30, and 26/30)

Product 4.— Raw in-shell pistachios, open in-shell, grade small (sizes 30/32, 32/34, and other).

Seven U.S. processors⁴ provided usable pricing data for sales of the requested products in the U.S. market, although not all firms reported pricing data for all quarters given the cyclical nature of pistachio production. In fact, no sales were reported of product 4. By quantity, these pricing data reported by the U.S. processors accounted for approximately *** pounds (26.7 percent) of the quantity of U.S. producers' commercial U.S. shipments of raw in-shell pistachios in 2004/05.⁵ There were no reported sales of raw in-shell pistachios imported from Iran during the period of review.

³ ***.

⁴ The firms include ***.

⁵ Pricing quarters do not correspond directly with the crop year. Therefore, these pricing data refer to the period of July 2004-June 2005 as compared to shipment data for September 2004-August 2005.

Price Trends and Comparisons

The harvest of pistachios occurs in late August to early September each year. So the crop year prices run from approximately the third quarter of one year to the second quarter of the following year. Prices for the different size pistachios tend to move in tandem. In general, larger nuts tend to get higher prices than smaller nuts. At the beginning of the period and during crop year 2003/04, however, the large size pistachios (product 2) sold at a higher price than the extra large size pistachios (product 1). There is not a specific difference in prices depending on the size of the pistachio, but two processors have described a 5- to 10-cent per pound premium for the extra large pistachios as compared to the large pistachios.⁶ Price differentials vary from year to year based on the relative abundance of each size of pistachio. In 2004, there was a relatively large differential, whereas in 2005, the differential is very small.⁷ Prices for artificially-open pistachios were generally around 50 cents per pound lower than the very large or large graded pistachios.⁸ Additionally, the color of the shells can affect final pricing.⁹

Weighted-average f.o.b. sales price data reveal that prices increased during the 1999/2000 crop year, until the 2000 crop was harvested in the final quarter of the year (table V-1 and figure V-2). The price of product 1 remained relatively stable until the fourth quarter of 2001, whereas the price of product 2 declined during this time frame. In the first quarter of 2002, prices rose and remained in the vicinity of \$1.90 to \$2.00 per pound, with few exceptions, until the third quarter of 2004. In the first quarter of 2005, prices for products 1 and 2 rose 10.5 and 4.5 percent, respectively, over the prior period, despite being the largest harvest of pistachios during the period of review. During the next quarter, prices rose a further 16.0 and 15.9 percent, respectively. Prices for product 3 also rose in 2005.

Table V-1
Raw in-shell pistachios: Weighted-average f.o.b. prices and quantities of products 1, 2, and 3, as reported by U.S. processors, by quarters, July 1999-June 2005

*	*	*	*	*	*	*
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Figure V-2
Raw in-shell pistachios: Weighted-average f.o.b. prices of products 1, 2, and 3, as reported by U.S. processors, by quarters, July 1999-June 2005

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⁶ Staff telephone interviews with ***, and ***, August 30, 2005.

⁷ Hearing transcript, p. 136 (Nichols).

⁸ Food Institute Market Information Center pricing data.

⁹ Nima's submission to the Commerce Department, June 8, 2004, p. 10, as presented in Cal-Pure's posthearing brief, p. 18.

Public price data for domestic pistachios sold in the United States show similar trends, though a price premium is always evident for the larger-size domestic and Iranian pistachios.¹⁰ Public price data for U.S.-produced pistachios (f.o.b. California) were almost always above the prices for Iranian pistachios in Germany.¹¹ Domestic interested parties also noted that during 2003, Iran's weighted-average price for raw in-shell pistachios in Canada, Mexico, and the EU was \$1.42 per pound, as compared to prices between \$*** and \$*** per pound in the United States.¹² Public price data are presented in table V-2 and figure V-3. Table V-3 contains Iranian export pricing data from 1999 to 2003.

*** submitted pricing data in exhibit 10 of its processor/dryer questionnaire for pistachios, which ranged from January 1999 to August 2005, during selected months. These data indicated that for most points of comparison, Iranian pistachios were sold for less than domestic pistachios.¹³ ***, a processor, noted that export and domestic markets are connected, and 90 percent of the time there is no difference in price between the two.

It should be noted that in January 2005, the EU put in place extra restrictions on Iranian raw in-shell pistachios with respect to aflatoxin levels, requiring every shipment to be tested and certified as compliant with the EU aflatoxin limits by Iranian authorities before export, and by EU authorities upon import. The ruling also limits imports to some specific EU ports of entry, and requires the consigner to be liable for the associated expenses.¹⁴ Some of the recent increases in world prices may have been brought about by this ruling, because of the higher costs for importation. Concurrently, the United States has exported an increasing percentage of its production. An industry publication attributes the strong demand in the EU for pistachios from the United States to a frost in Iran in 2004, which decreased Iranian production by nearly 40 percent.¹⁵ Increased prices for first half of the 2004/05 crop year may be partly due to decreased levels of supply from other major pistachio-producing countries such as Syria and Turkey,¹⁶ and partly due to the increased price of U.S. pistachios in the EU.¹⁷ Prices for new crop, naturally opened pistachios that would fall into product 3 are being quoted in September 2005 at \$3.00 per pound. One British trader reported that pistachio producers in the United States are asking this high price because it appears as if the EU will be heavily reliant on imports from the United States due to continuing aflatoxin problems with Iranian pistachios.¹⁸

¹⁰ There was one exception. During July - September 2004, the price of product 1 was two cents per pound lower than the price of product 2.

¹¹ It should be noted that these sales are not occurring in the same market.

¹² Domestic interested parties response to the notice of institution, April 20, 2005, p. 20.

¹³ The months selected were sporadic and no indication of what market the sales were made in was given.

¹⁴ Domestic interested parties' response to notice of institution, p. 18.

¹⁵ *Food Institute Report*, July 11, 2005, p. 20.

¹⁶ *Fruit and Tree Nuts Outlook*, USDA Economic Research Service, March 31, 2005, p. 17.

¹⁷ Posthearing brief of Cal-Pure, pp. 7 and 45.

¹⁸ "Putting global consumption on the line," *The Public Ledger*, September 19-25, 2005.

Table V-2

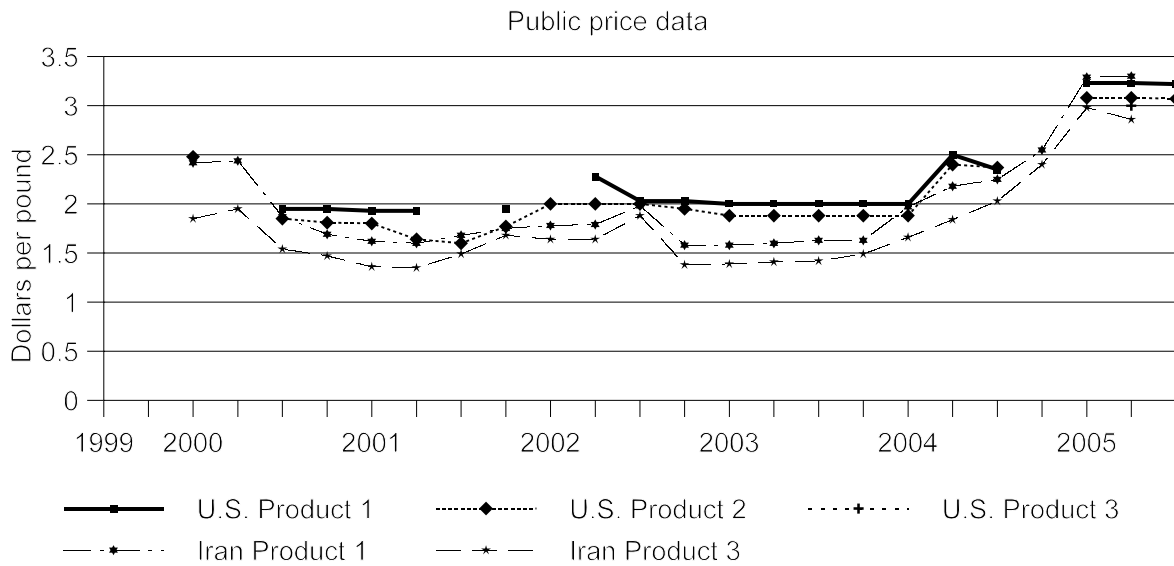
Raw in-shell pistachios: Prices of products 1,¹ 2,² and 3³ for domestic pistachios sold in the United States (f.o.b. California), and products 1 and 3 for Iranian pistachios sold in Hamburg, Germany as reported by trade publications, by quarters,⁴ July 1999-September 2005

Period	United States			Iran	
	Product 1	Product 2	Product 3	Product 1	Product 3
<i>Per pound</i>					
1999:					
July-September	-	-	-	-	-
October-December	-	-	-	-	-
2000:					
January-March	-	\$2.48	-	\$2.42	\$1.85
April-June	-	-	-	2.44	1.95
July-September	\$1.95	1.85	-	1.87	1.54
October-December	1.95	1.81	-	1.69	1.47
2001:					
January-March	1.92	1.80	-	1.62	1.36
April-June	1.92	1.64	-	1.60	1.35
July-September	-	1.60	-	1.68	1.49
October-December	1.95	1.77	-	1.75	1.68
2002:					
January-March	-	2.00	-	1.78	1.64
April-June	2.28	2.00	-	1.79	1.64
July-September	2.02	2.00	-	1.98	1.88
October-December	2.02	1.95	-	1.58	1.38
2003:					
January-March	2.00	1.88	-	1.58	1.39
April-June	2.00	1.88	-	1.60	1.41
July-September	2.00	1.88	-	1.63	1.42
October-December	2.00	1.88	-	1.63	1.49
2004:					
January-March	2.00	1.88	-	1.97	1.66
April-June	2.50	2.40	-	2.18	1.84
July-September	2.35	2.37	-	2.25	2.03
October-December	3.23	3.08	-	2.55	2.40
2005:					
January-March	3.23	3.08	-	3.29	2.98
April-June	3.23	3.05, 3.08	\$3.00	3.30	2.86
July-September	3.22	3.07	-	-	-

¹ Raw in-shell pistachios, open in-shell, grade very large (sizes 18/20 and 20/22).
² Raw in-shell pistachios, open in-shell, grade large (sizes 22/24, 24/26, and 21/25).
³ Raw in-shell pistachios, open in-shell, grade medium (sizes 26/28, 28/30, and 26/30).
⁴ Quarterly averages computed from monthly data. To compute monthly data, settlement/close prices were used from the first week of each month, when available; otherwise, averages of high and low prices were used.

Source: *Food News*, January 7, 2000 - July 1, 2005 (Iran and second quarter 2005 U.S. data for products 2 and 3), and Food Institute Market Information Center, retrieved at <http://www.foodinstitute.com>.

Figure V-3
Raw in-shell pistachios: Public prices of products 1, 2, and 3 as reported by trade publications, by quarters, January 2000-September 2005



Source: *Food News*, January 7, 2000 - July 1, 2005 (Iran and product 3 U.S. data), retrieved at <http://www.foodinstitute.com>, Market Info Center, and USDA Economic Research Service.

Table V-3
Pistachios: Iranian export quantities and prices for fresh and dried pistachios, by export destination country, 1999-2003

Source	1999		2000		2001		2002		2003	
	Pounds	Price	Pounds	Price	Pounds	Price	Pounds	Price	Pounds	Price
	Million	Per lb.	Million	Per lb.	Million	Per lb.	Million	Per lb.	Million	Per lb.
UAE	30	\$1.44	38	\$1.41	54	\$1.42	113	\$1.47	162	\$1.67
Germany	68	1.42	56	1.43	56	1.42	42	1.53	77	1.63
Hong Kong	12	1.32	22	1.38	41	1.41	43	1.38	38	1.63
Russia	6	1.25	7	1.29	13	1.38	15	1.40	26	1.64
Taiwan ²	8	1.51	8	1.48	9	1.48	9	1.55	18	1.77
Spain	13	1.39	9	1.34	12	1.36	14	1.44	8	1.69
Mexico	3	1.35	6	1.35	8	1.35	8	1.44	8	1.54
Turkey	22	1.39	14	1.40	4	1.49	4	1.51	8	1.72
Italy	8	1.46	8	1.38	10	1.39	4	1.48	7	1.72
Pakistan	1	1.46	4	1.41	4	1.45	7	1.47	7	1.67
Syria	8	1.41	11	1.42	3	1.43	5	1.54	6	1.78
Vietnam	0	1.27	0	1.25	0	1.35	0	1.36	6	1.66
Saudi Arabia	1	1.33	2	1.43	1	1.43	1	1.51	5	1.77
Lebanon	3	1.50	4	1.49	5	1.53	2	1.58	4	1.81
Canada	1	1.42	3	1.41	1	1.42	1	1.51	3	1.67
Hungary	1	1.34	1	1.34	1	1.35	2	1.37	2	1.61
Ukraine	0	1.42	0	1.43	0	1.27	2	1.43	2	1.79
Belgium	0	-	0	1.42	1	1.35	3	1.49	2	1.55
Czech Republic	1	1.32	0	1.30	1	1.34	1	1.38	2	1.67
Kuwait	1	1.48	1	1.48	1	1.57	1	1.55	1	1.76
Greece	2	1.45	2	1.37	2	1.38	3	1.44	1	1.57
Uzbekistan	0	1.43	0	1.46	0	1.44	0	1.62	1	1.89
Poland	0	1.34	0	1.48	1	1.45	1	1.57	1	1.73
WORLD	223	1.41	223	1.41	254	1.41	298	1.46	408	1.67

¹ United Arab Emirates.

² Estimated.

Note.—Data refer to all pistachio exports from Iran, fresh or dried, contained in HTS subheading 0802.50.

Source: United Nations Trade Statistics.

APPENDIX A

***FEDERAL REGISTER NOTICES AND
THE COMMISSION'S STATEMENT ON ADEQUACY***

**INTERNATIONAL TRADE
COMMISSION****[Investigation No. 731-TA-287 (Review)]****Raw In-Shell Pistachios From Iran****AGENCY:** United States International Trade Commission.**ACTION:** Institution of a five-year review concerning the antidumping duty order on raw in-shell pistachios from Iran.

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty order on raw in-shell pistachios from Iran would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; ¹ to be assured of consideration, the deadline for responses is April 20, 2005. Comments on the adequacy of responses may be filed with the Commission by May 16, 2005. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: March 1, 2005.**FOR FURTHER INFORMATION CONTACT:** Mary Messer (202) 205-3193, Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-

¹ No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 05-5-116, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on (202) 205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background. On July 17, 1986, the Department of Commerce issued an antidumping duty order on imports of raw in-shell pistachios from Iran (51 FR 25922). The Commission is conducting a review to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

Definitions. The following definitions apply to this review:

(1) *Subject Merchandise* is the class or kind of merchandise that is within the scope of the five-year review, as defined by the Department of Commerce.

(2) *The Subject Country* in this review is Iran.

(3) *The Domestic Like Product* is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determination, the Commission defined the Domestic Like Product as raw in-shell pistachio nuts that have been harvested, hulled, dried to a moisture content of 4-6 percent, and graded.

(4) *The Domestic Industry* is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determination, the Commission defined the Domestic Industry as growers of pistachio nuts and processors of pistachio nuts from hulling through grading.

(5) *The Order Date* is the date that the antidumping duty order under review became effective. In this review, the Order Date is July 17, 1986.

(6) *An Importer* is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

Participation in the review and public service list. Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission's designated agency ethics official has advised that a five-year review is the "same particular matter" as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was "personal and substantial." However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202-205-3088.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list. Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in this review available to authorized applicants under the APO issued in the review, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the review. A separate service list will be maintained by the Secretary for those parties

authorized to receive BPI under the APO.

Certification. Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with this review must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions. Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is April 20, 2005. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. The deadline for filing such comments is May 16, 2005. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the review you do not need to serve your response).

Inability to provide requested information. Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative

forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determination in the review.

Information to be Provided in Response to this Notice of Institution: As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and e-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in this review by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty order on the Domestic Industry in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of the Domestic Like Product. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in the Subject Country that currently export or have exported Subject Merchandise to the United States or other countries since the Order Date.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 2004 (report quantity data

in pounds and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm's(s') production;

(b) The quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s); and

(c) The quantity and value of U.S. internal consumption/company transfers of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in pounds and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from the Subject Country accounted for by your firm's(s') imports;

(b) The quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from the Subject Country; and

(c) The quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from the Subject Country.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in pounds and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in the Subject Country accounted for by your firm's(s') production; and

(b) The quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from the Subject Country accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Country since the Order Date, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Country, and such merchandise from other countries.

(11) (*Optional*) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: February 23, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05-3948 Filed 2-28-05; 8:45 am]

BILLING CODE 7020-02-P

**INTERNATIONAL TRADE
COMMISSION****[Investigation No. 731-TA-287 (Review)]****Raw in-Shell Pistachios From Iran****AGENCY:** United States International
Trade Commission**ACTION:** Notice of Commission
determination to conduct a full five-year
review concerning the antidumping
duty order on raw in-shell pistachios
from Iran.

SUMMARY: The Commission hereby gives
notice that it will proceed with a full
review pursuant to section 751(c)(5) of
the Tariff Act of 1930 (19 U.S.C.
1675(c)(5)) to determine whether
revocation of the antidumping duty
order on raw in-shell pistachios from
Iran would be likely to lead to
continuation or recurrence of material
injury within a reasonably foreseeable
time. A schedule for the review will be
established and announced at a later
date. For further information concerning
the conduct of this review and rules of
general application, consult the
Commission's Rules of Practice and
Procedure, part 201, subparts A through
E (19 CFR part 201), and part 207,

subparts A, D, E, and F (19 CFR part 207).

EFFECTIVE DATES: June 6, 2005.

FOR FURTHER INFORMATION CONTACT:

Mary Messer (202) 205-3193, Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on (202) 205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION: On June 6, 2005, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group response to its notice of institution (70 FR 9976, March 1, 2005) was adequate and that the respondent interested party group response was inadequate. The Commission also found that other circumstances warranted conducting a full review.¹ A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: June 10, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05-11869 Filed 6-15-05; 8:45 am]

BILLING CODE 7020-02-M

¹ Chairman Stephen Koplan and Commissioners Marcia E. Miller and Jennifer A. Hillman dissenting.

**INTERNATIONAL TRADE
COMMISSION****[Investigation No. 731-TA-287 (Review)]****Raw In-Shell Pistachios From Iran****AGENCY:** International Trade Commission.**ACTION:** Scheduling of a full five-year review concerning the antidumping duty order on raw in-shell pistachios from Iran.

SUMMARY: The Commission hereby gives notice of the scheduling of a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty order on raw in-shell pistachios from Iran would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).**DATES:** Effective Date: June 23, 2005.**FOR FURTHER INFORMATION CONTACT:** Fred Fischer (202-205-3179 or fred.fischer@usitc.gov), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server <http://www.usitc.gov>. The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.**SUPPLEMENTARY INFORMATION:**

Background.—On June 6, 2005, the Commission determined that responses to its notice of institution of the subject five-year review were such that a full review pursuant to section 751(c)(5) of

the Act should proceed (70 FR 35116, June 16, 2005). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

Participation in the review and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in this review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the review need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this review available to authorized applicants under the APO issued in the review, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the review. A party granted access to BPI following publication of the Commission's notice of institution of the review need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the review will be placed in the nonpublic record on September 20, 2005, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the review beginning at 9:30 a.m. on October 11, 2005, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before September 29, 2005. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral

presentations should attend a prehearing conference to be held (if needed) at 9:30 a.m. on October 4, 2005, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written submissions.—Each party to the review may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is September 29, 2005. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is October 20, 2005; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the review may submit a written statement of information pertinent to the subject of the review on or before October 20, 2005. On November 18, 2005, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before November 22, 2005, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be

accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: June 24, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05-12895 Filed 6-29-05; 8:45 am]

BILLING CODE 7020-02-P

antidumping duty order on in-shell pistachios from Iran pursuant to section 751(c) of the Act. *See Initiation of Five-year ("Sunset") Reviews*, 70 FR 9919 (March 1, 2005). The Department received notices of intent to participate from two domestic interested parties, Cal-Pure Pistachios, Inc. (Cal-Pure) and the California Pistachio Commission (CPC) together with the Western Pistachio Association (WPA) (collectively, domestic interested parties), within the deadline specified in 19 CFR 351.218(d)(1)(i). Domestic interested parties claimed interested party status under sections 771(9)(C), (E) and (F) of the Act as U.S. producers of the domestic like product, trade or business associations, a majority of whose members produce the domestic like product, and associations, a majority of whose members is composed of interested parties. We received complete substantive responses from one domestic interested party, CPC/WPA, within the 30-day deadline specified in 19 CFR 351.218(d)(3)(I). The Department also received a response from Rafsanjan Pistachio Producers Cooperative (RPPC), a respondent interested party. However, the Department determined that the response from RPPC was inadequate. The Department notified the International Trade Commission (ITC) in writing of its finding of inadequate response and intention to conduct an expedited sunset review. *See Letter from Kelly Parkhill, Director, Industry Support & Analysis, Office of Policy, Import Administration, to Robert Carpenter, Director, Office of Investigations, International Trade Commission*, dated April 20, 2005. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited sunset review of this order.

Scope of the Order

The product covered by the antidumping duty order is raw, in-shell pistachio nuts from which the hulls have been removed, leaving the inner hard shells, and edible meats from Iran. This merchandise is currently provided for in subheading 0802.50.20.00 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, the Department's written description of the merchandise under order is dispositive.

Analysis of Comments Received

All issues raised in this sunset review are addressed in the "Issues and Decision Memorandum" from Barbara

E. Tillman, Acting Deputy Assistant Secretary for Import Administration, to Holly A. Kuga, Acting Assistant Secretary for Import Administration, dated September 27, 2005, ("Decision Memorandum"), which is hereby adopted by this notice. The issues discussed in the Decision Memorandum include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail if the order were revoked. Parties can find a complete discussion of all issues raised in this sunset review and the corresponding recommendations in this public memorandum, which is on file in room B-099 of the main Department building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at <http://ia.ita.doc.gov/frn/index.html>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Review

We determine that revocation of the antidumping duty order on in-shell pistachios from Iran would likely lead to continuation or recurrence of dumping at the following percentage weighted-average margins:

Manufacturers/Exporters/Producers	Weighted-Average Margin (Percent)
RPPC	241.14
Nima/Maghsoudi	241.14
Nima/Razi	241.14
All Other Iranian Growers/Producers and Exporters	241.14

This notice also serves as the only reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: September 27, 2005.

Holly A. Kuga,

Acting Assistant Secretary for Import Administration.

[FR Doc. 05-19883 Filed 10-3-05; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

[A-507-502]

Certain In-Shell Pistachios from Iran; Final Results of the Expedited Sunset Review of the Antidumping Duty Order

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

SUMMARY: On March 1, 2005, the Department of Commerce (the Department) initiated a sunset review of the antidumping duty order on certain in-shell raw pistachios from Iran, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). On the basis of a notice of intent to participate and an adequate substantive response filed on behalf of domestic interested parties and an inadequate response from respondent interested parties, the Department conducted an expedited (120-day) sunset review. As a result of this sunset review, the Department finds that revocation of the antidumping duty order would likely lead to the continuation or recurrence of dumping. The dumping margins are identified in the *Final Results of Review* section of this notice.

EFFECTIVE DATE: October 4, 2005.

FOR FURTHER INFORMATION Dana Mermelstein, AD/CVD Operations, Office 6, or John Drury, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, telephone: (202) 482-1391 or (202) 482-0195, respectively.

SUPPLEMENTARY INFORMATION:

Background

On March 1, 2005, the Department initiated a sunset review of the

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

Raw In-Shell Pistachios from Iran,

Inv. No. 731-TA-287 (Review)

On June 6, 2005, the Commission determined, by a 3-3 vote, that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended, 19 U.S.C. §1675(c)(3)(B).

The Commission unanimously determined that the domestic interested party group response to the notice of institution was adequate. The Commission received an adequate response filed jointly on behalf of two producers, the California Pistachio Commission and the Western Pistachio Association. Because the Commission received an adequate response from domestic producers accounting for a substantial percentage of U.S. production, the Commission determined that the domestic interested party group response was adequate.

The Commission did not receive a response from any respondent interested parties. It therefore unanimously determined that the respondent interested party group response was inadequate. In the absence of an adequate respondent interested party group response, and the absence of other circumstances that they deemed warranted proceeding to a full review, Chairman Koplan, Commissioner Miller and Commissioner Hillman voted to conduct an expedited review. Vice Chairman Okun, Commissioner Lane and Commissioner Pearson voted to conduct a full review because the Commission has not previously conducted a five-year review on this order. The United States had imposed a trade embargo on imports of all products to the United States from Iran (which was not lifted until 2000) and the law did not permit a five-year review of embargoed products. As the Commission stated in its Notice of Final Rulemaking, 63 Fed. Reg. 30599, 30604 (June 5, 1998), the tie vote provision in section 771(11) of the Act is not applicable to a Commission decision on whether to expedite a review. Consequently, a decision to expedite a review requires a majority vote of the Commission. Thus, the Commission's tie vote in this matter means that it will conduct a full review.

APPENDIX B

CALENDAR OF HEARING

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission’s hearing:

Subject: Raw In-Shell Pistachios from Iran
Inv. No.: 731-TA-287 (Review)
Date and Time: October 11, 2005 - 9:30 a.m.

Sessions were held in connection with this review investigation in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

OPENING REMARKS

In Support of the Continuation of the Antidumping Duty Order

Will E. Leonard, Adduci Mastriani & Schaumberg, LLP

TESTIMONY

In Support of the Continuation of the Antidumping Duty Order

Adduci, Mastriani & Schaumberg, LLP
Washington, D.C.
on behalf of

The California Pistachio Commission
The Western Pistachio Association

- Karen Reinecke**, President, The California Pistachio Commission
- Brian Blackwell**, Owner, Blackwell Farms
- Robert Keenan**, President, Keenan Farms
- John Reilly**, Economist, Nathan Associates
- Chuck Nichols**, President, Nichols Farms, Inc.
- Mia R. Cohen**, Chief Operating Officer, Setton Pistachios of Terra Bella, Inc.
- Marianne Schweers**, Co-Owner, Eagle Ranch Pistachio Groves

Will E. Leonard)
John C. Steinberger) – OF COUNSEL
Mark R. Leventhal)

In Support of the Continuation of the Antidumping Duty Order—Continued

Akin Gump Strauss Hauer & Feld LLP
Washington, D.C.
on behalf of

Cal-Pure Pistachios, Inc. and its affiliated companies

William D. Phillimore, Executive Vice President, Paramount Farming Company LLC

Warren E. Connelly) – OF COUNSEL

CLOSING REMARKS

In Support of the Continuation of the Antidumping Duty Order

Will E. Leonard, Adduci Mastriani & Schaumberg, LLP

APPENDIX C

SUMMARY DATA

Table C-1
Raw in-shell pistachios: Summary data concerning the U.S. market, crop years 1999/2000-2004/05

Item	Reported data						Period changes					
	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	1999/00-2004/05	1999/00-2000/01	2000/01-2001/02	2001/02-2002/03	2002/03-2003/04	2003/04-2004/05
	Quantity=1,000 pounds, value=\$1,000, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted											
U.S. consumption quantity:												
Amount	104,864	125,887	114,316	125,283	112,678	166,254	58.5	20.0	-9.2	9.6	-10.1	47.5
Producers' share ¹	99.7	99.2	99.5	99.8	99.5	99.8	0.1	-0.5	0.3	0.3	-0.3	0.3
Importers' share: ¹												
Iran	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	0.0
Turkey	0.3	0.7	0.4	0.1	0.4	0.2	-0.0	0.5	-0.3	-0.3	0.3	-0.1
All other sources	0.0	0.0	0.0	0.0	0.1	0.0	-0.0	-0.0	0.0	0.0	0.1	-0.1
Total imports	0.3	0.8	0.5	0.2	0.5	0.2	-0.1	0.4	-0.3	-0.3	0.3	-0.3
U.S. imports from:												
Iran:												
Quantity	0	0	28	1	0	0	(?)	(?)	(?)	-96.6	-100.0	(?)
Value	0	0	77	3	0	0	(?)	(?)	(?)	-95.6	-100.0	(?)
Unit value	(?)	(?)	3	4	(?)	(?)	(?)	(?)	(?)	28.5	(?)	(?)
Ending inventory quantity	0	0	0	0	0	0	(?)	(?)	(?)	(?)	(?)	(?)
Turkey:												
Quantity	280	936	455	156	434	395	41.4	234.6	-51.4	-65.7	178.3	-8.9
Value	621	1,426	763	288	827	1,068	72.0	129.8	-46.5	-62.2	187.0	29.1
Unit value	\$2.22	\$1.52	\$1.68	\$1.85	\$1.91	\$2.70	21.7	-31.3	9.9	10.4	3.1	41.7
Ending inventory quantity	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)
All other sources:												
Quantity	40	14	47	56	122	6	-84.0	-65.2	240.6	18.2	118.8	-94.8
Value	76	30	109	102	199	17	-78.3	-61.2	270.1	-6.4	94.9	-91.7
Unit value	\$1.92	\$2.14	\$2.32	\$1.84	\$1.64	\$2.60	35.4	11.4	8.7	-20.9	-10.9	58.6
Ending inventory quantity	0	0	0	0	0	0	(?)	(?)	(?)	(?)	(?)	(?)
Total imports:												
Quantity	319	949	530	213	556	402	25.8	197.3	-44.2	-59.9	161.5	-27.7
Value	697	1,456	949	394	1,027	1,084	55.6	108.9	-34.8	-58.5	160.6	5.6
Unit value	\$2.18	\$1.53	\$1.79	\$1.85	\$1.85	\$2.70	23.7	-29.7	16.9	3.4	-0.3	46.1
Ending inventory quantity	0	0	0	0	0	0	(?)	(?)	(?)	(?)	(?)	(?)

Table continued. See footnotes at end of table.

Table C-1--Continued
Raw in-shell pistachios: Summary data concerning the U.S. market, crop years 1999/2000-2004/05

Item	Reported data						Period changes					
	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	1999/00-2004/05	1999/00-2000/01	2000/01-2001/02	2001/02-2002/03	2002/03-2003/04	2003/04-2004/05
U.S. GROWERS:												
Acreage harvested (acres)	39,234	42,060	43,864	46,445	45,869	52,547	33.9	7.2	4.3	5.9	-1.2	14.6
Amount harvested (quantity)	75,610	136,354	97,687	158,172	83,722	176,660	133.6	80.3	-28.4	61.9	-47.1	111.0
Yield per acre	1,927	3,242	2,227	3,406	1,825	3,362	74.4	68.2	-31.3	52.9	-46.4	84.2
U.S. shipments:												
Quantity	48,300	96,852	63,548	111,540	54,699	131,793	172.9	100.5	-34.4	75.5	-51.0	140.9
Value	57,699	91,055	57,356	110,772	61,641	150,620	161.0	57.8	-37.0	93.1	-44.4	144.4
Unit value	\$1.30	\$1.01	\$0.98	\$1.11	\$1.20	\$1.27	-1.9	-22.3	-2.4	12.6	7.9	6.5
Export shipments:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments ¹	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	540	518	584	604	639	631	17.0	-4.0	12.7	3.5	5.7	-1.2
Hours worked (1,000s)	1,818	1,952	2,624	3,146	3,650	3,104	70.7	7.3	34.5	19.9	16.0	-15.0
Wages paid (\$1,000)	19,282	20,449	50,284	63,027	62,471	47,901	148.4	6.1	145.9	25.3	-0.9	-23.3
Hourly wages	\$10.61	\$10.48	\$19.16	\$20.03	\$17.12	\$15.43	45.5	-1.2	82.9	4.6	-14.6	-9.8
Productivity (pounds/ hour)	26.4	46.8	24.4	33.8	15.3	40.3	52.9	77.4	-47.8	38.2	-54.5	163.0
Unit labor costs	\$0.40	\$0.22	\$0.79	\$0.60	\$1.12	\$0.38	-5.0	-44.3	251.4	-24.4	87.9	-65.8
Net sales:												
Quantity	62,405	133,317	77,970	155,628	62,762	175,034	180.5	113.6	-41.5	99.6	-59.7	178.9
Value	81,773	137,473	77,707	166,110	76,983	218,927	167.7	68.1	-43.5	113.8	-53.7	184.4
Unit value	\$1.31	\$1.03	\$1.00	\$1.07	\$1.23	\$1.25	-4.6	-21.4	-2.9	7.0	15.0	1.6
Total growing and operating expenses	87,885	97,472	92,223	90,870	89,244	103,017	17.2	10.9	-5.4	-1.5	-1.8	15.4
Net income or (loss)	(6,111)	40,002	(14,516)	75,239	(12,261)	115,910	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Capital expenditures	31,275	34,848	20,615	16,727	19,457	18,339	-41.4	11.4	-40.8	-18.9	16.3	-5.7
Unit growing and operating expenses	\$1.41	\$0.73	\$1.18	\$0.58	\$1.42	\$0.59	-58.2	-48.2	61.6	-50.8	144.8	-58.5
Unit net income or (loss)	(\$0.10)	\$0.30	(\$0.19)	\$0.48	(\$0.20)	\$0.66	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Total growing and operating expenses/sales ¹	107.5	70.9	118.7	54.7	115.9	47.1	-56.2	-34.0	67.4	-53.9	111.9	-59.4
Net income or (loss)/sales ¹	(7.5)	29.1	(18.7)	45.3	(15.9)	52.9	60.4	36.6	-47.8	64.0	-61.2	68.8

Table continued. See footnotes at end of table.

Table C-1--Continued

Raw in-shell pistachios: Summary data concerning the U.S. market, crop years 1999/2000-2004/05

Item	Reported data						Period changes					
	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	1999/00-2004/05	1999/00-2000/01	2000/01-2001/02	2001/02-2002/03	2002/03-2003/04	2003/04-2004/05
	Quantity=1,000 pounds, value=\$1,000, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted											
U.S. PROCESSORS:												
Average capacity quantity	175,110	195,110	201,210	274,210	274,210	311,210	77.7	11.4	3.1	36.3	0.0	13.5
Production quantity	80,327	121,347	133,579	181,646	111,973	193,785	141.2	51.1	10.1	36.0	-38.4	73.1
Capacity utilization ¹	45.9	62.2	66.4	66.2	40.8	62.3	16.4	16.3	4.2	-0.1	-25.4	21.4
U.S. shipments:												
Quantity	56,093	81,235	94,989	98,927	120,022	110,883	97.7	44.8	16.9	4.1	21.3	-7.6
Value	117,051	137,879	153,488	179,723	224,460	230,627	97.0	17.8	11.3	17.1	24.9	2.7
Unit value	\$2.09	\$1.70	\$1.62	\$1.82	\$1.87	\$2.08	-0.3	-18.7	-4.8	12.4	2.9	11.2
Export shipments:												
Quantity	12,303	16,735	32,530	31,805	38,071	58,972	379.3	36.0	94.4	-2.2	19.7	54.9
Value	25,312	28,247	53,547	58,381	69,457	122,168	382.6	11.6	89.6	9.0	19.0	75.9
Unit value	\$2.06	\$1.69	\$1.65	\$1.84	\$1.82	\$2.07	0.7	-18.0	-2.5	11.5	-0.6	13.6
Ending inventory quantity	14,958	23,839	35,308	57,932	29,833	39,887	166.7	59.4	48.1	64.1	-48.5	33.7
Inventories/total shipments ¹	21.9	24.3	27.7	44.3	18.9	23.5	1.6	2.5	3.4	16.6	-25.4	4.6
Production workers	489	639	626	771	660	843	72.5	30.7	-2.0	23.2	-14.3	27.6
Hours worked (1,000s)	559	710	760	810	803	992	77.5	27.0	7.1	6.5	-0.9	23.7
Wages paid (\$1,000)	4,955	6,922	7,835	8,425	7,542	9,566	93.0	39.7	13.2	7.5	-10.5	26.8
Hourly wages	\$8.86	\$9.75	\$10.30	\$10.41	\$9.40	\$9.64	8.8	10.0	5.7	1.0	-9.7	2.6
Productivity (pounds/hour)	108.3	119.4	139.8	149.0	114.6	127.1	17.4	10.2	17.0	6.6	-23.1	10.9
Unit labor costs	\$0.08	\$0.08	\$0.07	\$0.07	\$0.08	\$0.08	-7.3	-0.2	-9.7	-5.3	17.4	-7.6
Net sales:												
Quantity	76,595	102,902	128,544	124,680	171,239	148,996	94.5	34.3	24.9	-3.0	37.3	-13.0
Value	151,312	186,055	202,440	222,996	314,846	298,690	97.4	23.0	8.8	10.2	41.2	-5.1
Unit value	\$1.98	\$1.81	\$1.57	\$1.79	\$1.84	\$2.00	1.5	-8.5	-12.9	13.6	2.8	9.0
Cost of goods sold (COGS)	136,329	172,383	193,719	202,704	275,950	274,418	101.3	26.4	12.4	4.6	36.1	-0.6
Gross profit or (loss)	14,983	13,672	8,721	20,292	38,896	24,272	62.0	-8.8	-36.2	132.7	91.7	-37.6
SG&A expenses	9,849	12,193	11,374	12,136	14,510	14,059	42.7	23.8	-6.7	6.7	19.6	-3.1
Operating income or (loss)	5,134	1,479	(2,653)	8,156	24,386	10,213	98.9	-71.2	(*)	(*)	199.0	-58.1
Capital expenditures	16,028	5,931	24,468	8,365	8,719	19,530	21.8	-63.0	312.5	-65.8	4.2	124.0
Unit COGS	\$1.78	\$1.68	\$1.51	\$1.63	\$1.61	\$1.84	3.5	-5.9	-10.0	7.9	-0.9	14.3
Unit SG&A expenses	\$0.13	\$0.12	\$0.09	\$0.10	\$0.08	\$0.09	-26.6	-7.9	-25.3	10.0	-12.9	11.4
Unit operating income or (loss)	\$0.07	\$0.01	\$(0.02)	\$0.07	\$0.14	\$0.07	2.3	-78.6	(*)	(*)	117.7	-51.9
COGS/sales ¹	90.1	92.7	95.7	90.9	87.6	91.9	1.8	2.6	3.0	-4.8	-3.3	4.2
Operating income or (loss)/sales ¹	3.4	0.8	(1.3)	3.7	7.7	3.4	0.0	-2.6	-2.1	5.0	4.1	-4.3
Calculated domestic shipment quantity	104,545	124,937	113,786	125,070	112,122	165,852	58.6	19.5	-8.9	9.9	-10.4	47.9

¹ "Reported data" are in percent and "period changes" are in percentage points.
² Not applicable.
³ Inventories of imports from Turkey not separately available; included in inventories of imports from all other sources.
⁴ Undefined.

Note.—Financial data are reported on a calendar or fiscal year basis and may not necessarily be comparable to data reported on a crop year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

APPENDIX D

**COMMENTS REGARDING THE EFFECTS OF THE ANTIDUMPING
DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

EFFECTS OF THE ORDER

U.S. GROWERS

U.S. growers were asked to describe the significance of the existing antidumping duty order covering imports of raw in-shell pistachios from Iran in terms of its effect on firms' harvesting capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values.¹ Fifty-four firms responded to this question, and the responses of U.S. growers are presented in table D-1.

U.S. PROCESSORS

U.S. processors were asked to describe the significance of the existing antidumping duty order covering imports of raw in-shell pistachios from Iran in terms of its effect on firms' production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values.² Six firms responded to this question, and the responses of U.S. processors are presented in table D-2.

U.S. IMPORTERS

U.S. importers were asked to describe the significance of the existing antidumping duty order covering imports of raw in-shell pistachios from Iran in terms of its effect on firms' imports, U.S. shipments of imports, and inventories.³ The Commission did not receive any importer questionnaire responses; therefore, no comments from importers are available.

¹ Question II-20 of the U.S. growers' questionnaire.

² Question II-21 of the U.S. processors'/dryers' questionnaire.

³ Question II-14 of the U.S. importers' questionnaire.

Table D-1
Raw in-shell pistachios: U.S. growers' comments on the effects of the antidumping duty order¹

No.	Firms/comments
***	***
	The significance is related to revenue per unit of raw in-shell. As example year 2000 price for \$***; year 2004 price equaled \$***; year 2005 price offered \$***.
***	***
	Lower prices would mean less income which would mean less employment.
***	***
	If the order is rescinded we believe the effect will be on retail pricing. U.S. buyers will place downward pressure on pricing due to the increased supply. This will trickle down to the processors and lead to reduced shipments, increased inventories, reduced revenues and profits. This in turn will impact how the growers are paid and affect profits. Likewise, the value of the orchards would diminish based on their ability to show positive cash flow.
***	***
	We do not know as I know if we do not put stop into the antidumping duty, we will lost more money then I do not want to investing any more money into it.
***	***
	The antidumping order duty made it possible to grow pistachios without the added burden of low returns to the grower.
***	***
	If the cost of production is more than the price paid, we will go out of production. Iranian nuts must meet the same standards as Calif. nuts and should not be subsidized by the Iranian Gov.
***	***
	Very significant. There would be detrimental effects on all items listed above if this order was rescinded.
***	***
	Before antidumping, dollars received from selling crop was to maintain crop over \$1.00. If continued, would probably need to abandon growing of pistachios.
***	***
	If antidumping is removed, we would go into bankrupts
***	***
	The antidumping duty has allowed domestic growers to receive a reasonable return on their investment. Higher returns have allowed us to increase the quality of our product. Ultimately the consumer is the beneficiary of a safe food product with higher quality.
***	***
	None.
***	***
	Maintained revenues and a net values in a reasonable level, without the extreme fluctuation from before
***	***
	I only know that the price offered to the grower in U.S.A. is higher than it would be because of the existing antidumping duty order for Iran for which I am most grateful!!
***	***
	Prevents marketing in U.S. of poor quality-defective nuts. High quality (machine harvested) nuts bring a better price return.
Table continued. See footnote at end of table.	

Table D-1
Raw in-shell pistachios: U.S. growers' comments on the effects of the antidumping duty order¹

No.	Firms/comments
***	***
	The cultural costs for pistachios has reached an extremely high level per acre. Unfair competition would be devastation to the industry. Costs now are in excess of \$*** per acre with additional farmer expenses.
***	***
	The order has compelled us to plant more acreage, expand processing capacity and hire more employees to meet the increased demand from consumers.
***	***
	Profits which are only achieved every other year, would be squeezed due to price pressure from subsidized imports from Iran and the fact that production costs go up each year.
***	***
	Very significant. There would be detrimental effects on all items listed above if this order was recinded.
***	***
	None.
***	***
	The order has compelled us to plant more acreage, expand processing capacity and hire more employee, to meet the increased demand from consumers.
***	***
	Dumping of Iranian pistachios in this country from government subsidized farmers in Iran was having a depressing effect on a competitive basis.
***	***
	If the existing antidumping duty order is revoked it will have a very significant negative impact on the financial value of the U.S. crop.
***	***
	Without the current antidumping order we would have a more conservative approach to expanding our current pistachio operation.
***	***
	None.
***	***
	The competition of a cheap product would certainly impact revenues.
***	***
	Were not selling pistachios prior to the antidumping order so we do not have comparisons
***	***
	My farm's production of pistachios started in , ** years after imposition of the antidumping duty.
***	***
	None.
Table continued. See footnote at end of table.	

Table D-1
Raw in-shell pistachios: U.S. growers' comments on the effects of the antidumping duty order¹

No.	Firms/comments
***	***
	If the order is rescinded we believe the effect will be on retail pricing. U.S. buyers will place downward pressure on pricing due to the increased supply. This will trickle down to the processors and lead to reduced shipments, revenues, and profits while increasing inventories. This in turn will impact how the growers are paid and affect profits. Likewise, the value of the orchards would diminish based on their ability to show profits.
***	***
	Will need to combat lower quality, lower price with educating public to difference
***	***
	Unknown - Definitely destroy our market.
***	***
	It provides some degree of comfort that an unexpected substantial drop in the price of pistachios will occur.
***	***
	The *** pistachio operation has experienced growth since 1986 as a result of the antidumping duty order. This growth was curtailed in 2000 with the lifting of the embargo on Iranian pistachios and the uncertainty of the impact that an influx of Iranian pistachios could have on the United States pistachio market. This is in direct contrast to ****'s other products where local production is not threatened by significant dumped competition from Iran. Between now and 2008, *** acreage is expected to increase *** percent and *** acreage is expected to increase *** percent. During this same period *** pistachio acreage ***. Thus the possible revocation of the antidumping duty order has directly impacted our ability to increase production.
***	***
	<p>The existing antidumping duty order brought stability to the U.S. pistachio industry that had been lost as a result of the periodic dumping of Iranian pistachios into the U.S. market at prices below the cost of production in the U.S. Prior to the antidumping duty order, there were price swings in the U.S. pistachio market that resulted from the periodic dumping of Iranian pistachios, which brought with them the elimination of expected revenue and cash flow. This resulted in the need to make unplanned reductions in employees working in pistachio production. It also created unexpected difficulties in servicing mortgage debt incurred to develop and plant pistachio orchards.</p> <p>The current market stability has been essential in committing to capital expenditures and in incurring long term mortgage debt for the planting of pistachio orchards and for the purchase of the very expensive equipment necessary to efficiently farm and harvest such orchards.</p> <p>We have very recently *** to propagate three newly developed pistachio tree varieties. We would not be embarking on this new business venture if there was instability in the pistachio market similar to that which existed prior to the implementation of the existing antidumping duty order.</p>
***	***
	Outcome unknown if revoked costs vs. earning ratios reflect decisions.
***	***
	Nothing before 1986. A change in the order would reduce profits, and cash flow and therefore reduce capital expenditures and asset value.
Table continued. See footnote at end of table.	

Table D-1
Raw in-shell pistachios: U.S. growers' comments on the effects of the antidumping duty order¹

No.	Firms/comments
***	***
	Having the order in place has helped us by growing and planting more acres of pistachios. We have been employing more people, buying more equipment, increasing production and sales, paying more income taxes and land value have gone up. Having the order in place has helped us immensely.
***	***
	Lower quality product put into the domestic market will reduce the marketability and price of all pistachios sold in the United States.
***	***
	If Iran could flood market, price for my nuts would drop 50%, making my operation unprofitable.
***	***
	It helps us to assure high quality and aflatoxin free pistachios in the United States. It also helps us to sell a higher percentage of our crop domestically.
***	***
	Plant more acreage due to improved economic outlook (higher prices and consumption) created by improving consumer confidence. ***.
***	***
	It helps us to assure high quality and aflatoxin free pistachios in the United States. It also helps us to sell a higher percentage of our crop domestically.
***	***
	No significant effect.
***	***
	There have been no Iranian imports of significance since 1986 due to the embargo then antidumping and subsidy duties. The effect it has been no change concerning imports for the last 20 years. A future change could be cause for significant changes to California produce.
***	***
	Very significant. There would be detrimental effect on all the items listed above if this order were rescinded.
***	***
	Under this order we are able to market our pistachios. We need this order to stay in place. 2004-2005 saw our ***. We have a total of ***. Of younger trees, we would also like to market.
***	***
	It helps us to assure high quality and aflatoxin free pistachios in the U.S. It also helps us to sell a higher percentage of our crop domestically.
Table continued. See footnote at end of table.	

Table D-1
Raw in-shell pistachios: U.S. growers' comments on the effects of the antidumping duty order¹

No.	Firms/comments
***	***
	Our pistachio farming operation has experienced growth since 1986 as a result of the antidumping duty order. This growth was curtailed in 2000 with the lifting of the embargo on Iranian pistachios and the uncertainty of the impact that an influx of Iranian pistachios could have on the United States pistachio market. Thus the possible revocation of the antidumping duty order has directly impacted our ability to increase production.
***	***
	Prices would fall dramatically/putting great stress on the industry.
***	***
	Before the order, income was not sufficient to justify the land trees and culture cost to get into production. The current land value and production and labor and environmental lost have further purchased the greater even/profit profile. This industry could be lost if Iran dumps product into the U.S.
***	***
	No change.
***	***
	The order is very significant. There would be detrimental effects on all the items listed above if this order were rescinded.
***	***
	Clearly removing antidumping laws would affect price to farmer and therefore cash flow and asset value would decline. As our orchard was not yet in production in 1986, there is no comparison available.
***	***
	The dumping of raw nuts into the US market no matter how this would come about from Iran will effect our income price per pound received from the processor. All other costs such as taxes, labor, water-fertilizer, fuel and more.
¹ Response to question II-20 of the U.S. growers' questionnaire.	
Source: Compiled from data submitted in response to Commission questionnaires.	

Table D-2
Raw in-shell pistachios: U.S. processors' comments on the effects of the antidumping duty order¹

Firm/comments	

	Business commenced after antidumping order in place.

	Were not selling pistachios prior to the antidumping order so we do not have comparisons.

	Our operations have expanded to accommodate consumer demand.

	Antidumping duty is very good for pistachio producer and U.S. consumer. Before antidumping duty there was great variation in quality. Since U.S. producers drive the market quality better.

	<p>As a result of the imposition of the antidumping duty, the U.S. pistachio industry made several improvements to the state of the domestic market. Only with protection from Iranian pistachio dumping has the domestic industry been able to stabilize pistachio prices and supply such that it was economically feasible to invest in additional plantings and processing capacity. Prior to 1986, annual U.S. domestic pistachio production never exceeded 63 million pounds. At that time, Iran's highest was 270 million pounds. After the imposition of the antidumping duty, U.S. growers planted new trees raising production to 348 million pounds.</p> <p>Because pistachios are an alternate bearing crop, stabilization of the pistachio supply relies on discipline and proper forecasting to carry-over sufficient inventories from high-yield years into low-yield years. With the elimination of the destabilizing effects of Iranian imports, we have smoothed out pistachio supply resulting in a far less chaotic market.</p> <p>With supply stabilized, the market now supports a much more consistent year round price level. This gives growers the confidence to invest in additional capacity. In turn, processors also invest to expand their production capacity. With the market in relative equilibrium, we also invest in marketing and promotional campaigns to develop consumer demand for pistachios. By combining together these improvements, we increased production and shipments, resulting in increased employment, higher revenues and profits and increased investment back in the business.</p>

	<p>Processing pistachios, like growing them, is a risky business. My processing firm was not in business when the antidumping order was put in place, and I don't know if it would have been started had the threat of dumping existed. Since the time my business started, a number of similar businesses have been sold or gone out of business.</p> <p>I would imagine the greatest effect of the duty imposition has been to give growers confidence that returns will not be diminished by unlawful dumping. This confidence has translated to increased plantings, and increased volumes through my plant and other processors. The antidumping order has had little long term effect on profits, cash flow, or asset values, but has definitely increased production capacity, U.S. shipments, inventories, purchases, employment, revenues, costs, and research and development expenses.</p>
<p>¹ Response to question II-21 of the U.S. processors'/dryers' questionnaire.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>	

FOREIGN PRODUCERS

Foreign producers were asked to describe the significance of the existing antidumping duty order covering U.S. imports of raw in-shell pistachios from Iran in terms of its effect on their firms' production capacity, production, home market shipments, exports to the United States and other markets, and inventories.⁴ The Commission did not receive any foreign producer questionnaire responses; therefore, no comments from foreign producers are available.

LIKELY EFFECTS OF REVOCATION

U.S. GROWERS

U.S. growers were asked if their firm would anticipate any changes in its harvesting capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of raw in-shell pistachios in the future if the antidumping duty order on raw in-shell pistachios from Iran were to be revoked.⁵ Fifty-seven firms responded "yes," and 24 firms responded "no." The responses of U.S. growers are presented in table D-3.

U.S. PROCESSORS

U.S. processors were asked if their firm would anticipate any changes in its production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of raw in-shell pistachios in the future if the antidumping duty order on raw in-shell pistachios from Iran were to be revoked.⁶ Seven firms responded "yes," and two firms responded "no." The responses of U.S. processors are presented in table D-4.

⁴ Question II-14 of the foreign producers' questionnaire.

⁵ Question II-21 of the U.S. growers' questionnaire.

⁶ Question II-22 of the U.S. processors'/dryers' questionnaire.

Table D-3
Raw in-shell pistachios: U.S. growers' comments on the likely effects of revocation of the antidumping duty order¹

No.	Firms/comments	Does your firm anticipate any changes to its operations if the order were revoked?		
		X	Yes	No
***	***	X	Yes	No
	Low quality nuts coming into the US market would quickly reduce the value of the product that I grow and would greatly reduce my profits.		Yes	No
***	***		Yes	No

***	***	X	Yes	No

***	***	X	Yes	No
	If the antidumping order duty were to be revoked, the price per pound to growers would drop making it necessary for us to find full time employment outside the farm to help sustain it.		Yes	No
***	***	X	Yes	No
	If the cost of production is more than the price paid, we will go out of production. Iranian nuts must meet the same standards as California nuts and should not be subsidized by the Iranian Government.		Yes	No
***	***	X	Yes	No
	Gross revenues and profits will decrease substantially if the order is revoked.		Yes	No
***	***	X	Yes	No
	Cost to grow and maintain pistachios continues to grow and dollar per pound. Received would continue to go down causing growing pistachios to not be cost effective and abandonment of growing pistachio crops.		Yes	No
***	***		Yes	No

***	***	X	Yes	No
	Pure economics lead us to believe the increased supply would lead to reduced profits. See information in II-20.		Yes	No
***	***	X	Yes	No
	We are a growing industry, and dumping pistachios from Iran will be devastating and hurt the industry.		Yes	No
***	***	X	Yes	No
	If the antidumping order was lifted, we would most likely delay or cancel any future plantings.		Yes	No
***	***	X	Yes	No
	1. My crop should produce more this year as my trees mature. 2. Because my growing trees will require more water and fertilizer my costs will grow. 3. My revenues will fall because of the revoked antidumping duty order. 4. Therefore, I will have a loss in revenue which will increase each year. Until it will finally not be profitable to produce the pistachios especially for small orchards like mine.		Yes	No
***	***	X	Yes	No

Table continued. See footnote at end of table.

Table D-3
Raw in-shell pistachios: U.S. growers' comments on the likely effects of revocation of the antidumping duty order¹

No.	Firms/comments	Does your firm anticipate any changes to its operations if the order were revoked?			
	Greater marketing cost (advertising and promotion etc.) of California nuts. Greater marketing costs may mean lower net return. Price competition with Iranian nuts could deliver lower California nut return.				
***	***	X	Yes		No
	Would probably sell more with a fair, but higher price, possibly a little more profit have never worked out a business plan yet.				
***	***	X	Yes		No
	Revenues: Would reduce because the Iran exporters under price the U.S. product, as shown in all the export markets. Employment: reduced revenue mean less money available. The most feasible way to reduce cost is to shorten the work force.				
***	***	X	Yes		No
	We believe that the revenues would decrease to the growers and processors and that consumers would be confused and disappointed by the low quality. The market would seriously be disrupted.				
***	***	X	Yes		No
	Production would remain the same but profits would likely decrease. If cheaper low quality product enters the market place and price cutting results it may no longer be profitable to grow pistachios for small operators, and family farms.				
***	***		Yes	X	No

***	***	X	Yes		No
	We might have to discontinue operations in some of the higher cost areas.				
***	***	X	Yes		No
	Less cash flow, but operation expenses continue to grow.				
***	***		Yes	X	No

***	***	X	Yes		No
	I'd probably have to sell to a large grower/producer.				
***	***	X	Yes		No
	Expected drop in market price would result in decrease of production inputs.				
***	***	X	Yes		No
	Avoid possible expansion.				
Table continued. See footnote at end of table.					

Table D-3

Raw in-shell pistachios: U.S. growers' comments on the likely effects of revocation of the antidumping duty order¹

No.	Firms/comments	Does your firm anticipate any changes to its operations if the order were revoked?			
		X	Yes	X	No
***	***	X	Yes	X	No
	Cash flow barely carries the load now. The burden of standard increased expenses coupled with restructured income would force us out of this business.		Yes	X	No
***	***		Yes	X	No
	---		Yes	X	No
***	***	X	Yes		No
	Revenues would most likely decrease due to cheaper (inferior) products from off shore, and possible dumping activities. Obviously, the value of this property would probably decline.		Yes	X	No
***	***	X	Yes		No
	Profit margins would decrease; future planting would decrease if not halt entirely; farming practices would be curtailed to reduce cost causing potential long term damage to orchard; reduced income could cause us to remove orchards early; land removed from pistachios production would be planted with federal programs crops (cotton, corn, etc.)		Yes		No
***	***	X	Yes		No
	Asset value of the grove is the capitalized value of revenue. We assume asset value of any grove will rise or fall reflecting the long term prospects for gross or net revenue per acre. Marginal groves and open ground will be directed to the next crop or product that yields greatest net return—long term. For years 2005-2006, I am planting (a) ***; (b) ***; (c) ***. For the future years, 2007 and 2008, *** will be available for the crops with greater long term prospects...***.		Yes	X	No
***	***		Yes	X	No
	---		Yes		No
***	***		Yes		No
	We believe that cost of production would remain the same or increase and the price will drop considerable, possibly below the cost of production, in which case we cannot continue to farm. Our pistachios are planted on around with very big water costs and few crops grown in California could support these prices.		Yes	X	No
***	***		Yes	X	No
	---		Yes	X	No

Table continued. See footnotes at end of table.

Table D-3
Raw in-shell pistachios: U.S. growers' comments on the likely effects of revocation of the antidumping duty order¹

No.	Firms/comments	Does your firm anticipate any changes to its operations if the order were revoked?			
		Yes	X	No	
***	***				

***	***	X	Yes		No
	Not as long as our production is up. Primary impact for us would be if the Iranian imports were organically grown. They would need to meet the *** guidelines.				
***	***	X	Yes		No
	If the order is rescinded we believe the effect will be on retail pricing. U.S. buyers will place downward pressure on pricing due to the increased supply. This will trickle down to the processors and lead to reduced shipments, revenue, and profits while increasing inventories. This in turn will impact how the growers are paid and effect profits. Likewise, the value of the orchards would diminish based on their ability to profits.				
***	***	X	Yes		No
	*** has made the decision to not increase production due to the uncertainly of the antidumping duty order. If the order were revoked and prices and/or quality was adversely affected, *** may be forced to curtail production by reducing its pistachio acreage.				
***	***	X	Yes		No
	Gross revenue and profits will decrease substantially if the order is revoked.				
***	***		Yes	X	No

***	***	X	Yes		No
	We believe that the revenue would decrease to the growers and processors, consumer would be confused and disappointed by the low quality, the market will be disrupted seriously.				
***	***	X	Yes		No
	Lower prices would mean less income which would mean less employment.				
***	***	X	Yes		No
	We anticipate that the revocation of the antidumping duty order on raw in-shell pistachios from Iran would result in a gradual but steady reduction in the amount of pistachios that we produce. We expect that the shipment and inventories of the pistachio we produce would again become erratic as Iranian pistachio periodically enter the market in large quantities and at prices below the U.S. cost of production. During the past 15 years, we have consistently replaced dead trees in our orchards and gradually expanded the acreage we have planted to pistachio trees. We've under taken this expansion and taken risk associated with developing a crop that takes years to produce any harvest, because there has been reasonable price and supply stability in the market. We expect instability to return to the pistachio market if the antidumping duty order is revoked and therefore will be willing to make further investments in the U.S. pistachio industry and production assets associated therewith. Given the attendant drop in revenue, cash flow and profits, we anticipate a drop in the number of people we will employ, and an end to our research and development efforts focused on issues within the pistachio industry. Further, if the antidumping duty order is revoked we expect to make no additional capital expenditures for pistachio orchards or for the equipment necessary to operate and harvest pistachio orchards.				

Table continued. See footnote at end of table.

Table D-3
Raw in-shell pistachios: U.S. growers' comments on the likely effects of revocation of the antidumping duty order¹

No.	Firms/comments	Does your firm anticipate any changes to its operations if the order were revoked?			
		X	Yes		No
***	***	X	Yes		No
	We have built a market franchise on quality product. Because of two factors and markets for our product could vanish: Factor 1—low prices that would jeopardize our consumers market; Factor 2—inferior quality due in large measure to archaic methods employed with handling of the Iranian product. The presence of tokins being the most obvious example.				
***	***	X	Yes		No
	Lower profits caused by Iran subsidized production Iran inferior quality would harm our quality image.				
***	***		Yes		No

***	***		Yes	X	No

***	***		Yes		No

***	***		Yes		No

***	***	X	Yes		No
	Iranian imports below the US cost of production would cause lad to go out of production. Resulting in decline in land value—lost real estate tax revenue. Labor employment, chemical sale and equipment sales to decline or cease. ***. To switch to other tree crops would take years. Row crops on *** is not practical or economical. Without some form of cash flow, banks would be reluctant to finance a new venture, most of the crop income goes back into the rural economy. The combined loss of pistachio production would have a significant impact on the central valley of California. For what purpose, so Iran can earn foreign currency to build the nuclear reactor!				
***	***	X	Yes		No
	I would anticipate significant Iranian product would be imported at much lower prices than past years which would significantly lower my revenues, profits, cash flow, asset values and thus reduce or stop any new orchard development.				
***	***		Yes		No

***	***	X	Yes		No
	Nothing before 1986. A change in the order would reduce profits and cash flow and therefore reduce capital expenditures and asset values. The impact would be felt immediately and long term.				
***	***	X	Yes		No
	I would remove the pistachio trees and grow vegetables, if the antidumping duty order is revoked. Pistachio income would not show enough profit to continue growing them.				
***	***	X	Yes		No
	We would expect the price to decline, therefore causing us to cut growing cost most likely by cutting down on labor and other expenditures that are least likely to effect yield.				
Table continued. See footnote at end of table.					

Table D-3
Raw in-shell pistachios: U.S. growers' comments on the likely effects of revocation of the antidumping duty order¹

No.	Firms/comments	Does your firm anticipate any changes to its operations if the order were revoked?			
		Yes	X	No	
***	***				

***	***	X	Yes		No
	Assuming the arrival and subsequent negative publicity of carcinogen–aflatoxin laden pistachios–consumers would not buy pistachio. If it went the same way here as it did in Europe, all pistachios would be seen as the same. Confidence is gone, customer are gone. Negative publicity and subsequent customer confidence decline will effect all participants, farmers, processors, marketer, etc.				
***	***	X	Yes		No
	I expect both revenues and profit will decrease substantially if the antidumping order is revoked.				
***	***		Yes		No
	We have made the decision to not increase production due to the uncertainty of the antidumping duty order. If the order were revoked and prices and or quality was adversely affected, we may be forced to curtail production by reducing our pistachio acreage.				
***	***	X	Yes		No
	Gross revenue and profit will decrease substantially if the order is revoked.				
***	***		Yes	X	No
	My thought - I don't see how it would do us any good.				

***	***		Yes	X	No

***	***	X	Yes		No
	I can only assume that if the antidumping duty order was revoked that pricing pressure on U.S. produced pistachios would be a certainty. If prices declined significantly, future plantings of pistachios would be curtailed.				
***	***	X	Yes		No
	No sales! We would probably file for bankruptcy. All of our employees would be out of work.				
***	***		Yes	X	No

***	***	X	Yes		No
	Probably put me out of business!				
***	***		Yes	X	No

***	***		Yes	X	No

Table continued. See footnote at end of table.

Table D-3
Raw in-shell pistachios: U.S. growers' comments on the likely effects of revocation of the antidumping duty order¹

No.	Firms/comments	Does your firm anticipate any changes to its operations if the order were revoked?			
		X	Yes		No
***	***	X	Yes		No
	CPC will need to increase assessment to farmers to accomplish re education—higher cost equal lower profits.				
***	***	X	Yes		No
	Revenues would decrease to grower prices dramatically lower due to poor quality and confusion on part of consumer this reducing demand.				
***	***	X	Yes		No
	Increased volume and competition would lower prices and lower quality from Iran would hurt I our industries reputation for high quality.				
***	***	X	Yes		No
	Any changes would depend on the effect unrestricted imports would have on our domestic price - have no such business plan if removing duties allowed sufficient, low cost imports to lower our domestic price, it is only reasonable to assume many changes would result, the most drastic conclusion, being growers going out of business if profits no longer could be made - I don't have written business plans or projections, this is only common sense. We are growing an expensive commodity with a large capital input at risk. When a sustained period of prices below the cost of production is imposed, production will cease.				
***	***	X	Yes		No
	We have seen the effect on our contracted prices rise dramatically in the last two years (contributed in past to the 2003 disaster yield and two years of disaster in Iran yields). We have gained so much through aflatoxin & AO regulation that if we lost our own market at home to Iran pistachio's it would be devastating to all in the industry export for one or two major growers/processors who can absorb huge losses. I could foresee under these conditions, that as a small family farm, we may be forced to sell (even at a depressed value) in order not to lose all of our investments.				
***	***		Yes	X	No

***	***		Yes	X	No

***	***	X	Yes		No
	We are sure that when price and quality are compromised the influx of mid east Iran product farms like ours that rely on processor like *** will feel the hit of lower per pound prices. As the imports drive down our prices the cost inflate each year, and we will be without recourse. As a family farm with one crop our next move is dictated by these events. It is for sure going to have a powerful effect on us and other farms as well.				
***	***	X	Yes		No
	It would hurt consumers, lower quality and lower the growth of the pistachio industry.				
Table continued. See footnote at end of table.					

Table D-3
Raw in-shell pistachios: U.S. growers' comments on the likely effects of revocation of the antidumping duty order¹

No.	Firms/comments	Does your firm anticipate any changes to its operations if the order were revoked?			
		Yes	X	No	
***	***				
	Prices would fall dramatically/ putting great stress on the industry.				
***	***		X	No	

***	***		X	No	

***	***		Yes	No	

***	***	X	Yes	No	
	Harvesting/production expenses in California makes it difficult to complete with foreign markets.				
***	***	X	Yes	No	
	Elimination of the order would allow very low quality (Aflatoxin, size, stain, etc.) pistachio to come into the United States at a significantly lower price. Low price s go directly to our bottom line. Low price should reduce our revenue, which means fewer job, less capital expenditures, less income taxes paid, production would go down, because of less inputs. Land values would drop because of loss gross revenue on the drop. Domestic sales would go down because of inferior quality of imported pistachios. I think dropping the order would grossly hurt the pistachio industry.				
***	***	X	Yes	No	
	Increased volume and competition would lower prices and lower quality from Iran would hurt our industries reputation for high quality.				
***	***	X	Yes	No	
	Our oldest tress are only seven now. As the trees mature the yield will increase!				
***	***		Yes	X	No

***	***	X	Yes	No	
	Increased volume and competition would lower prices and lower quality from Iran would hurt our industries reputation for high quality.				
***	***	X	Yes	No	
	I would expect to see a downward pressure or sales in pounds and a downward pressure on per pound prices paid to growers.				

¹ Response to question II-24 of the U.S. growers' questionnaire.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-4
Raw in-shell pistachios: U.S. processors' comments on the likely effects of revocation of the antidumping duty order¹

Firm/Comments	Does your firm anticipate any changes to its operations if the order were revoked?			
***	X	Yes		No
Consumer confidence would go down. Prices would follow downward. We would lose money, We would not be able to hire many people.			X	No
***		Yes	X	No

***	X	Yes		No
Upon pound 1 of Iranian pistachios. Entering the U.S., revenue would drop, profits would drop, the grades would get paid less, capital expenditures would decrease unemployment would increase. The current industry is strong and prosperous. Strong demand along with great quality is driving the success. Lower quality Iranian pistachios would damage the U.S. market.				
***	X	Yes		No
I would assume that this price would be lowered to such an extent that it would put us out of business.			X	No
***		Yes	X	No

Table continued. See foot note at end of table				

Table D-4--Continued

Raw in-shell pistachios: U.S. processors' comments on the likely effects of revocation of the antidumping duty order¹

Firm/Comments	Does your firm anticipate any changes to its operations if the order were revoked?		
	X	Yes	No

<p>Should the antidumping duty be revoked, we anticipate a devastating impact on both our business and the U.S. pistachio industry as a whole. As we discussed above, we have both stabilized the pistachio supply and price as well as invested in the development of domestic demand through advertisement, promotion, and new distribution channels due to the existence of the antidumping duty. Should the antidumping duty be revoked, Iranian imports will immediately flood the domestic market and most of our efforts would be negated.</p> <p>Iran possesses enormous production capacity, unused capacity, and potential to expand that capacity. With the exception of last year's crop which was severely impacted by poor weather condition, Iran is the largest pistachio producing country by far. Iran's pistachio industry is export oriented. Prior to the imposition of the antidumping duty, Iran's exports to the U.S. constituted a significant percentage of its total production and exports. Because pistachios are easy and relatively inexpensive to ship, Iranian exporters would have no difficulty immediately arranging for substantial shipments to the U.S. upon revocation of the antidumping duty. Furthermore, as pistachios are an agricultural commodity consumers do not distinguish country of origin when making their purchase decision. Price is the single most important criteria and Iranian pistachios are consistently lower priced relative to U.S. pistachios. Lastly, the U.S. has lower aflatoxin standards than the EU (15 ppb in the U.S., 2 ppb in the EU) which is currently Iran's largest market. All of these factors make the U.S. market extremely attractive to Iranian producers.</p> <p>With the antidumping duty we have stabilized domestic pistachio supply. With the smoothing of supply we can support and maintain a consistent year-round price level. This leads to increased returns. It is important to stress that pistachio pricing is very fragile - the slightest change in supply can cause significant and dramatic changes in price. Thus a change as significant as the revocation of the antidumping duty would result in profound changes in pistachio pricing. The resulting influx of cheap Iranian imports would destabilize supply and drive prices dramatically lower. We saw evidence of this prior to the imposition of the antidumping duty in 1986. Between 1982 and 1985 Iran's share of the U.S. market jumped from 19.8% to 42.3% while prices declined dramatically.</p> <p>Because of the price and supply stabilization, the domestic industry invested in additional capacity in both production and processing. With a flood of imported Iranian product, the domestic industry will have to deal with enormous excess capacity as we struggle with an oversupply of pistachios and depressed prices.</p> <p>Revoking the antidumping duty would also have the effect of diluting much of our promotional and public relations efforts. Consumer awareness of pistachios still lags far behind other nuts. Through advertising, point-of-sale displays, public relations, event sponsorship, and web-based activities, we have created innovative marketing and promotional programs to increase consumer awareness and consumption of pistachios. This is key in our efforts to grow demand to keep pace with the growth of pistachio supply.</p> <p>We have also devoted considerable resources ensuring that the public is aware of the health benefits of pistachio consumption. As a rich source of unsaturated fat, pistachios are a part of a heart healthy diet. Additionally, we take great care that all of our products are high quality and free from impurities such as aflatoxin. Historically the Iranian crop has been much higher in aflatoxin levels than any others. It would only take one major recall of pistachios for the negative publicity to irrevocably negate all the gains that the domestic industry has made these last few years. In Europe in 1997, a brief ban on Iranian product due to aflatoxin concerns affected all pistachio products. As mentioned above, consumers do not distinguish country of origin and concerns over one country's product spills over to the entire industry.</p> <p>The revocation of the antidumping duty would be disastrous for both our firm and all domestic pistachio industry. We anticipate a flood of cheap Iranian imports as they dump their products in the attractive U.S. market. The will result in decrease domestic shipments and therefore lower revenues, profits, employment, as well as capital and R&D investments.</p>			
Table continued. See footnote at end of table.			

Table D-4--Continued
Raw in-shell pistachios: U.S. processors' comments on the likely effects of revocation of the antidumping duty order¹

Firm/Comments	Does your firm anticipate any changes to its operations if the order were revoked?		
	X	Yes	No
***	X	Yes	No
<p>Over the short term, I would expect a negative effect on cash flow, products, and total revenues. Profits over the short term could be severely affected, particularly if the dumping caused market prices to collapse shortly after guaranteed minimum grower prices (as is customary in business) were announced. Over time, as I and other processors adapted to the new environment, I would expect the effect on profit/pound to return to close to the situation prior to revocation of antidumping tariffs. Long term effects would be less plantings of pistachios, and increased removal of existing orchards, leading to lower volumes processed, revenues, costs, employment, and research and development expenses.</p> <p>The short term effect could be quite devastating on my business. As stated elsewhere in advance of most sales. Should the antidumping tariff be lifted, and pistachios dumped, the wholesale price of pistachios could decline precipitously as I and others attempt to hold our markets. This is a worst case scenario if these events happened after minimum grower prices were set, but before the crop was sold, and could cost processors millions or tens of millions of dollars, or put them out of business.</p>	X	Yes	No
***	X	Yes	No
We believe the revenue would decrease, consumers would be confused and disappointed by the low quality, the market would be disrupted seriously.	X	Yes	No
---	X	Yes	No
<p>¹ Response to question II-22 of the U.S. processors'/dryers' questionnaire.</p> <p>Source: Compiled from Commission questionnaires.</p>			

U.S. IMPORTERS

U.S. importers were asked if their firm would anticipate any changes in its imports, U.S. shipments of imports, or inventories of raw in-shell pistachios in the future if the antidumping duty order on raw in-shell pistachios from Iran were to be revoked.⁷ The Commission did not receive any importer questionnaire responses; therefore, no comments from importers are available.

FOREIGN PRODUCERS

Foreign producers were asked if their firm would anticipate any changes in its production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of raw in-shell pistachios in the future if the antidumping duty order on raw in-shell pistachios from Iran were to be revoked.⁸ The Commission did not receive any foreign producer questionnaire responses; therefore, no comments from foreign producers are available.

⁷ Question II-15 of the U.S. importers' questionnaire.

⁸ Question II-15 of the foreign producers' questionnaire.

APPENDIX E

**INFORMATION REGARDING THE EXISTING
COUNTERVAILING DUTY ORDER**

In its final countervailing duty determination on raw in-shell pistachios, Commerce found that eight Iranian government programs conferred countervailable bounties or grants to growers of pistachios in Iran. Information regarding these countervailable programs is presented in table E-1.

Since the imposition of the countervailing duty order on raw in-shell pistachios in March 1986, Commerce has conducted one new shipper review and two administrative reviews of the countervailing duty order on raw in-shell pistachios from Iran.¹ Information regarding Commerce's new shipper and countervailing duty administrative reviews is presented in table E-2.

On January 31, 2003, Commerce issued final results of a countervailing duty new shipper review concerning raw in-shell pistachios exported by Nima that were produced by Maghsoudi, finding a NET subsidy rate for Nima/Maghsoudi of 23.18 percent *ad valorem*.² On July 11, 2003, Commerce issued final results of a countervailing duty administrative review concerning RPPC, finding a net subsidy rate of 49.77 percent *ad valorem*.³ On September 13, 2005, Commerce issued final results of a countervailing duty administrative review concerning Nima/Razi, finding a net subsidy rate of 0.00 percent *ad valorem*.⁴ Commerce found that the programs reviewed were not used during its period of review.

¹ Commerce initiated but subsequently rescinded one other countervailing duty administrative review (68 FR 44047, July 25, 2003).

² Commerce also conducted one countervailing duty new shipper review of roasted pistachios and found a net subsidy rate of 21.68 percent *ad valorem* for imports from Nima/Maghsoudi (68 FR 4997, January 31, 2003).

³ 68 FR 41310.

⁴ 70 FR 54027.

Table E-1**Raw in-shell pistachios: Iranian government programs determined by Commerce to confer bounties or grants to growers¹**

Programs	Estimated net bounty or grant
	<i>Percent ad valorem</i>
Preferential Exchange Rate	10.00
Foreign Currency Retention Scheme	46.86
Price Support/Guaranteed Purchase of All Production	7.11
Preferential Provision of Fertilizer and Machinery	7.11
Preferential Credit	7.11
Tax Exemptions	7.11
Preferential Provision of Water and Irrigation	7.11
Preferential Provision of Technical Support	7.11
Total	99.52

¹ See Commerce's final affirmative countervailing duty determination and order on in-shell pistachios from Iran (51 FR 8345).
Source: 51 FR 8345, March 11, 1986.

Table E-2**Raw in-shell pistachios: Commerce's countervailing duty and new shipper reviews**

Date of action	Action	Federal Register citation	Period of review	Net subsidy rates		
				Nima	RPPC	Country-wide rate
				<i>Percent ad valorem</i>		
New shipper countervailing duty reviews:						
01/31/2003	Final Results ¹	68 FR 4997	10/01/2000-09/30/2001	23.18	(²)	317.89
Administrative countervailing duty reviews:						
07/11/2003	Final Results	68 FR 41310	01/01/2001-12/31/2001	(³)	49.77	317.89
07/25/2003	Rescinded ⁴	68 FR 44047	01/01/2002-12/31/2002	(³)	(⁵)	317.89
09/13/2005	Final Results ⁶	70 FR 54027	01/01/2003-12/31/2003	0.00	(³)	317.89

¹ This new shipper review covered subject merchandise exported by Nima that was produced by Maghsoudi Farms.
² The company was not the subject of this new shipper review and remained subject to the country-wide rate.
³ The company was not the subject of this administrative review.
⁴ The administrative review was rescinded because the party requesting the review, CPC, withdrew its request for the review.
⁵ This firm was a subject of the administrative review. However, no action was taken since the administrative review was withdrawn prior to the issuance of final results.
⁶ Commerce found that the Government of Iran either terminated the previously determined countervailable programs or did not provide benefits to the pistachio industry under these programs.

Source: Cited *Federal Register* notices.

APPENDIX F

DATA OF U.S. GROWERS

Table F-1
Raw in-shell pistachios: U.S. growers, locations of operations, and shares of reported U.S. production in crop year 2004/05

Firm	Location of operations		U.S. production in crop-year 2004/05	
	City	State	Quantity	Share
			1,000 lbs.	Percent
104 Partners	Fresno	CA	***	***
4L's Pistachio Nut House	Live Oak	CA	***	***
A&P Ranch	Tulare	CA	***	***
Agreserves (South Valley Farms)	Wasco	CA	***	***
Agri-World	Madera	CA	***	***
AgriLand Farming Company	Chowchilla	CA	***	***
Aldan Farm	Anahiem	CA	***	***
Amberglow Ranch	Ridgecrest	CA	***	***
Bahme Partnership	Orinda	CA	***	***
Big Al's Pistachio	Newberry Springs	CA	***	***
Bonito Investment International Co.	Madera	CA	***	***
Brockman Farming	Aptos	CA	***	***
Burt Fugate Farming Co.	Santa Maria	CA	***	***
California Pistachio Orchards	Kettleman City	CA	***	***
Captial Ag	Fresno	CA	***	***
Chamberlain Ranch	Los Gatos	CA	***	***
Coleman Farming Co.	Madera	CA	***	***
Consecha Farms	Fresno	CA	***	***
David Low & Son	Mountain View	CA	***	***
Devine & Wood Farming	Coalinga	CA	***	***
Dick and Carlene Naito	Madera	CA	***	***
Donald and Marie Faul Family Trust	Fresno	CA	***	***
Double D.H. Ranches	Tulare	CA	***	***
Dowmar Family Partnership	Auburn	CA	***	***
Dr. Steven Block	Lodi	CA	***	***
Fanucchi Diversified Management	Bakersfield	CA	***	***
Fisher Farms	Saratoga	CA	***	***
Forest Young	Pinedale	CA	***	***
G&G Farm	Ducor	CA	***	***
Gage Farms	Firebaugh	CA	***	***
Gary Thompson Farms	Modesto	CA	***	***
Goose Pond Ag	Madera	CA	***	***
H.P. Anderson Trust	Tulare	CA	***	***
Harry and MaryLou Wolbers	Madera	CA	***	***
Harry W. Low	San Francisco	CA	***	***
J. Patrick Rooney	Stockton	CA	***	***
J&J Byrne Pistachios	Pittsburg	CA	***	***
James A. Cusator	Bakersfield	CA	***	***
James R. Parker Jr.	Bakersfield	CA	***	***
Jan C. Trapnell	Lemoore	CA	***	***
Jatco Farms	Bakersfield	CA	***	***
Jerry Lewis Pistachio Farm	Tiburon	CA	***	***
John Baker	Sanger	CA	***	***
Kallman Farm	Terra Bella, Santa Barbara	CA	***	***
Keenan Farms	Avenal	CA	***	***
Kettleman Pistachio Growers	Royal Oaks	CA	***	***
Kevin Herman	Madera	CA	***	***

Table continued. See footnotes at end of table.

Table F-1--Continued

Raw in-shell pistachios: U.S. growers, locations of operations, and shares of reported U.S. production in crop year 2004/05

Firm	Location of operations		U.S. production in crop-year 2004/05	
	City	State	Quantity	Share
			1,000 lbs.	Percent
Lee Crumbley	Balboa	CA	***	***
Lusk Farms	Visalia	CA	***	***
MaderaOne-100	Madera	CA	***	***
Mapleleaf Pistachio Ranch	Los Alamitos	CA	***	***
Meyer Farm	Terra Bella	CA	***	***
Milton Greenstein	Moraga	CA	***	***
Ned E. Settimi	Visalia	CA	***	***
Nichols Farms	Hanford	CA	***	***
Nurses Pistachio Orchard (NPO)	Paso Robles	CA	***	***
Panoche Pistachios	Fresno	CA	***	***
Paramount Farming Co.	Bakersfield	CA	***	***
Parsons Farms	Buttonwillow	CA	***	***
Pioneer Nursery	Visalia	CA	***	***
Pistachio Giants	Kentfield	CA	***	***
Pistachios Unlimited	Pinedale	CA	***	***
PRJ Groves	Sherman Oaks	CA	***	***
Quist Farms	Ridgecrest	CA	***	***
Robert D. Nenfeld	Wasco	CA	***	***
Roberts Ranch	Terra Bella	CA	***	***
Roden Farms	Shandon	CA	***	***
Ron Lopes	Madera	CA	***	***
Ronald E. & Virginia McDevitt	Chowchilla	CA	***	***
RTS Agri Business	Madera	CA	***	***
S&J Ranch	Pinedale	CA	***	***
S&S Ranch ¹	Terra Bella	CA	***	***
Samar Pistachio Ranch	Westlake Village	CA	***	***
Santa Barbara Pistachio Growers	Santa Barbara, Maucopa	CA	***	***
Santa Barbara Pistachio Ranch	Rancho Marieta	CA	***	***
Schmiederer Farms	Mendota	CA	***	***
Setton Farms & Affiliates ¹	Commalk	CA	***	***
Shade Tree Farm	Madera	CA	***	***
Sheila Martin	Novato	CA	***	***
Sierra Madre Pistachio Ranch	Seal Beach	CA	***	***
Sierra Pride Pistachios	Loomis	CA	***	***
Sierra Shadows Ranch	Iwyoken	CA	***	***
Snow Farms	Lost Hills	CA	***	***
Steven Moore	Fresno	CA	***	***
Ted G. or Cindy I. Bear	Fresno	CA	***	***
Thomas H. Ostwald Irrev. Trust	Sacramento	CA	***	***
Thomas Farms	San Joaquin	CA	***	***
Toretta Farms	Avenal	CA	***	***
Victor Zabala	Los Banos	CA	***	***
W.Y. Nishikawa	Oxnard	CA	***	***
Zonneveld Farms	Laton	CA	***	***
Total			176,661	100.0
¹ Firm is related to Setton Pistachio of Terra Bella.				
² Not applicable.				
³ Less than 0.05 percent.				
Source: Compiled from data submitted in response to Commission questionnaires.				

Table F-2
Raw in-shell pistachios: U.S. growers' acreage harvested, yield per acre, and amount harvested, crop years 1999/2000-2004/05

Item	Crop years (September 1-August 31)					
	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
Acreage harvested (<i>acres</i>)	39,234	42,060	43,864	46,445	45,869	52,547
Amount harvested (<i>1,000 pounds</i>)	75,610	136,354	97,687	158,172	83,722	176,660
Yield (<i>pounds per acre</i>)	1,927.2	3,241.9	2,227.0	3,405.6	1,825.2	3,361.9

Source: Compiled from data submitted in response to Commission questionnaires.

Table F-3
Raw in-shell pistachios: U.S. growers' shipments, by type, crop years 1999/2000-2004/05¹

Item	Crop years (September 1-August 31)					
	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
	Quantity (1,000 pounds)					
Commercial shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	48,300	96,852	63,548	111,540	54,699	131,793
Export shipments	***	***	***	***	***	***
Total	***	***	***	***	***	***
	Value (\$1,000)					
Commercial shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	57,699	91,055	57,356	110,772	61,641	150,620
Export shipments	***	***	***	***	***	***
Total	***	***	***	***	***	***
	Unit value (per pound)					
Commercial shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	\$1.30	\$1.01	\$0.98	\$1.11	\$1.20	\$1.27
Export shipments	***	***	***	***	***	***
Total	***	***	***	***	***	***
	Share of shipment quantity (percent)					
Commercial shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	95.4	97.8	93.8	96.7	94.5	97.9
Export shipments	***	***	***	***	***	***
Total	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Figure F-1
Raw in-shell pistachios: U.S. growers' U.S. shipments, crop years 1999/2000-2004/05

* * * * *

Table F-4
Raw in-shell pistachios: U.S. growers' end-of-period inventories, crop years 1999/2000-2004/05

* * * * *

Table F-5
Raw in-shell pistachios: U.S. growers' average number of production and related workers (PRWs), hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, crop years 1999/2000-2004/05

Item	Crop years (September 1-August 31)					
	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
PRWs (number)	540	518	584	604	639	631
Hours worked (1,000)	1,818	1,952	2,624	3,146	3,650	3,104
Wages paid (\$1,000)	19,282	20,449	50,284	63,027	62,471	47,901
Hourly wages ¹	\$10.61	\$10.48	\$19.16	\$20.03	\$17.12	\$15.43
Productivity (pounds per hour)	26.4	46.8	24.4	33.8	15.3	40.3
Unit labor costs (per pound)	\$0.40	\$0.22	\$0.79	\$0.60	\$1.12	\$0.38

¹ The doubling of hourly wages in crop year 2001/02 is due to the high hourly wages reported by *** for crop years 2001/02 through 2004/05. *** other growers, ***, reported hourly wages substantially higher than the industry average.

Source: Compiled from data submitted in response to Commission questionnaires.

