

Parties who submit argument in this proceeding are requested to submit with the argument: (1) a statement of the issue, and (2) a brief summary of the argument. Parties submitting case and/or rebuttal briefs are requested to provide the Department copies of the public version on disk. Case and rebuttal briefs must be served on interested parties in accordance with 19 CFR 351.303(f). Also, pursuant to 19 CFR 351.310, within 30 days of the date of publication of this notice, interested parties may request a public hearing on arguments to be raised in the case and rebuttal briefs. Unless the Secretary specifies otherwise, the hearing, if requested, will be held two days after the date for submission of rebuttal briefs, that is, thirty-seven days after the date of publication of these preliminary results.

Representatives of parties to the proceeding may request disclosure of proprietary information under administrative protective order no later than 10 days after the representative's client or employer becomes a party to the proceeding, but in no event later than the date the case briefs, under 19 CFR 351.309(c)(ii), are due. The Department will publish the final results of this administrative review, including the results of its analysis of issues raised in any case, or rebuttal brief or at a hearing.

This administrative review is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act (19 USC 1675(a)(1) and 19 USC 1677f(i)(1)).

Dated: April 1, 2002.

Faryar Shirzad,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[C-475-819]

Certain Pasta From Italy: Preliminary Results and Partial Rescission of Countervailing Duty Administrative Review

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

ACTION: Notice of preliminary results and partial rescission of countervailing duty administrative review.

SUMMARY: The Department of Commerce is conducting an administrative review of the countervailing duty order on

certain pasta from Italy for the period January 1, 2000, through December 31, 2000. We preliminarily find that certain producers/exporters have received countervailable subsidies during the period of review. If the final results remain the same as these preliminary results, we will instruct the U.S. Customs Service to assess countervailing duties as detailed in the "Preliminary Results of Review" section of this notice.

Because its request for review was withdrawn, we are rescinding this review for company N. Puglisi & F. Industria Paste Alimentari S.p.A.

Interested parties are invited to comment on these preliminary results (see the "Public Comment" section of this notice).

EFFECTIVE DATE: April 8, 2002.

FOR FURTHER INFORMATION CONTACT:

Craig Matney, AD/CVD Enforcement, Group I, Office 1, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482-1778.

SUPPLEMENTARY INFORMATION:

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions of the Tariff Act of 1930, as amended by the Uruguay Round Agreements Act ("URAA") effective January 1, 1995 ("the Act"). Unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR Part 351 (April 2001).

Case History

The Department published the countervailing duty order on certain pasta from Italy on July 24, 1996 (*Notice of Countervailing Duty Order and Amended Final Affirmative Countervailing Duty Determination: Certain Pasta From Italy*, 61 FR 38544). On July 2, 2001, the Department published a notice of "Opportunity to Request Administrative Review" of this countervailing duty order for calendar year 2000 (*Notice of Opportunity to Request Administrative Review of Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation*, 66 FR 34910). We received review requests for five producers/exporters of Italian pasta. We initiated our review on August 20, 2001 (*Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 66 FR 43570).

This administrative review of the order covers the following producers/

exporters of the subject merchandise: F.lli De Cecco di Filippo Fara S. Martino S.p.A. ("De Cecco"), Delverde S.p.A. ("Delverde"), Italian American Pasta Company, S.r.L. ("IAPC"), and Labor S.r.L. ("Labor") and 26 programs.

On October 19, 2001, we issued countervailing duty questionnaires to the Commission of the European Union ("EC"), the Government of Italy ("GOI"), and the producers/exporters of the subject merchandise. We received responses to our questionnaires in November and December 2001, and issued supplemental questionnaires in February 2002. Responses to the supplemental questionnaires were received in February and March 2002.

Partial Rescission

As noted above, N. Puglisi & F. Industria Paste Alimentari S.p.A. ("Puglisi"), one of the respondents, withdrew its request for review on November 2, 2001. Because this request for withdrawal was timely filed, we are rescinding this review with respect to this company (see 19 CFR 351.213(d)(1)). We will instruct the U.S. Customs Service to liquidate any entries from Puglisi during the POR and to assess countervailing duties at the rate that was applied at the time of entry.

Scope of the Review

Imports covered by this review are shipments of certain non-egg dry pasta in packages of five pounds (2.27 kilograms) or less, whether or not enriched or fortified or containing milk or other optional ingredients such as chopped vegetables, vegetable purees, milk, gluten, diastases, vitamins, coloring and flavorings, and up to two percent egg white. The pasta covered by this scope is typically sold in the retail market, in fiberboard or cardboard cartons, or polyethylene or polypropylene bags, of varying dimensions.

Excluded from the scope of this review are refrigerated, frozen, or canned pastas, as well as all forms of egg pasta, with the exception of non-egg dry pasta containing up to two percent egg white. Also excluded are imports of organic pasta from Italy that are accompanied by the appropriate certificate issued by the Istituto Mediterraneo di Certificazione, Bioagricoop S.c.r.l., QC&I International Services, Ecocert Italia, the Conzorzio per il Controllo dei Prodotti Biologici, Associazione Italiana per l'Agricoltura Biologica, or Codex S.r.L.

The merchandise subject to review is currently classifiable under item 1902.19.20 of the *Harmonized Tariff Schedule of the United States*

("HTSUS"). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise subject to the order is dispositive.

Scope Rulings

The Department has issued the following scope rulings to date:

(1) On August 25, 1997, the Department issued a scope ruling that multicolored pasta, imported in kitchen display bottles of decorative glass that are sealed with cork or paraffin and bound with raffia, is excluded from the scope of the countervailing duty order. (See August 25, 1997 memorandum from Edward Easton to Richard Moreland, which is on file in CRU in Room B-099 of the main Commerce building.)

(2) On July 30, 1998, the Department issued a scope ruling, finding that multipacks consisting of six one-pound packages of pasta that are shrink-wrapped into a single package are within the scope of the countervailing duty order. (See July 30, 1998 letter from Susan H. Kuhbach, Acting Deputy Assistant Secretary for Import Administration, to Barbara P. Sidari, Vice President, Joseph A. Sidari Company, Inc., which is on file in the CRU.)

(3) On October 26, 1998, the Department self-initiated a scope inquiry to determine whether a package weighing over five pounds as a result of allowable industry tolerances may be within the scope of the countervailing duty order. On May 24, 1999, we issued a final scope ruling finding that, effective October 26, 1998, pasta in packages weighing or labeled up to (and including) five pounds four ounces is within the scope of the countervailing duty order. (See May 24, 1999 memorandum from John Brinkmann to Richard Moreland, which is on file in the CRU.)

Period of Review

The period of review ("POR") for which we are measuring subsidies is from January 1, 2000, through December 31, 2000.

Attribution of Subsidies

De Cecco: De Cecco has responded on behalf of two members of the De Cecco Group: F.lli De Cecco di Filippo Fara San Martino S.p.A. ("Pastificio") and Molino e Pastificio F.lli De Cecco S.p.A. ("Pescara"). Pastificio and Pescara manufacture pasta for sale in Italy and the United States. Pastificio and Pescara are directly or indirectly 100 percent-owned by members of the De Cecco family. Effective January 1, 1999,

Molino F.lli De Cecco di Filippo S.p.A. ("Molino") a third member of the De Cecco Group on whose behalf De Cecco responded in the fourth administrative review, was merged with Pastificio and ceased to be a separate entity. The Department will continue to consider countervailable any benefits received by Molino in past administrative reviews and allocated over a period that extends into or beyond the current POR. In accordance with section 351.525(b)(6)(i) and (ii) of the regulations, we are attributing subsidies received by Pastificio and Pescara to the combined sales of both.

Delverde: Consistent with section 351.525(b)(6)(ii) of the regulations and the most recent administrative review of this order, we have continued to treat the two affiliated companies, Delverde and Tamma, as separate respondents (see, *Certain Pasta from Italy: Final Results of Fourth Administrative Review*, 66 FR 64214, December 12, 2001 ("Fourth Review—Final Results")). Thus, subsidies received by Delverde have been assigned solely to that company. Tamma is not being reviewed, and no subsidies received by Tamma have been attributed to Delverde.

Labor: Labor has responded on behalf of itself and Pastificio Balzano s.r.l. ("Balzano"), which was established by Labor on March 31, 2000. During the POR, Balzano had no sales, assets, employees, or operational activities, and received no benefits from the GOI. Labor had no other affiliates during the POR.

IAPC: IAPC has no affiliated companies located in Italy, and has therefore responded only on its own behalf.

Subsidies Valuation Information

Benchmarks for Long-term Loans and Discount Rates: In accordance with section 351.505(a)(1) and 351.524(d)(3) of the regulations, we have used the amount the company actually paid on a comparable commercial loan as the benchmark/discount rate, when the company had a commercial loan in the same year as the government loan or grant. However, there were several instances where a company did not take out any loans which could be used as benchmarks/discount rates in the years in which the government grants or loans under review were received. In these instances, consistent with section 351.505(a)(3)(ii) of the regulations, we used a national average interest rate for a comparable commercial loan. Specifically, for years prior to 1995, we used the Bank of Italy reference rate, adjusted upward to reflect the mark-up an Italian commercial bank would charge a corporate customer, as the

benchmark interest rate for long-term loans and as the discount rate. For subsidies received in 1995 and later, we used the Italian Bankers' Association ("ABI") interest rate, increased by the average spread charged by banks on loans to commercial customers plus an amount for bank charges.

Allocation Period: In the *Final Affirmative Countervailing Duty Determination: Certain Pasta ("Pasta") from Italy*, 61 FR 30288, June 14, 1996, ("Pasta Investigation"), the Department used as the allocation period for non-recurring subsidies the average useful life ("AUL") of renewable physical assets in the food-processing industry as recorded in the Internal Revenue Service's 1977 Class Life Asset Depreciation Range System ("the IRS tables"), i.e., 12 years. However, the U.S. Court of International Trade ("CIT") ruled against this allocation methodology for non-recurring subsidies (see *British Steel plc v. United States*, 879 F.Supp. 1254, 1289 (CIT 1995) ("British Steel I")). In accordance with the CIT's remand order, the Department determined that the most reasonable method of deriving the allocation period for non-recurring subsidies was a company-specific AUL of renewable physical assets. This remand determination was affirmed by the CIT on June 4, 1996 (see *British Steel plc v. United States*, 929 F.Supp. 426, 439 (CIT 1996) ("British Steel II")).

Consistent with the ruling in *British Steel II*, we developed company-specific AULs in the first and second administrative reviews of this order (see *Certain Pasta from Italy: Final Results of Countervailing Duty Administrative Review*, 63 FR 43905, 43906, August 17, 1998 ("First Review—Final Results") and *Certain Pasta from Italy: Final Results of the Second Countervailing Duty Administrative Review*, 64 FR 44489, 44490–91, August 16, 1999 ("Second Review—Final Results")). We used these company-specific AULs to allocate any non-recurring subsidies that were not countervailed in the investigation. However, for non-recurring subsidies which had already been countervailed in the investigation, the Department used the original allocation period, i.e., 12 years, because it was deemed neither reasonable nor practicable to reallocate those subsidies over a different time period. This methodology was consistent with our approach in *Certain Carbon Steel Products from Sweden: Final Results of Countervailing Duty Administrative Review*, 62 FR 16549 (April 7, 1997).

The third review of this order was subject to section 351.524(d)(2) of the regulations. Under this regulation, the

Department will use the AUL in the IRS tables as the allocation period, unless a party can show that the IRS tables do not reasonably reflect the company-specific AUL or the country-wide AUL for the industry. If a party can show that either of these time periods differs from the AUL in the IRS tables by one year or more, the Department will use the company-specific AUL or the country-wide AUL for the industry as the allocation period. In *Certain Pasta from Italy: Final Results of Third Administrative Review*, 66 FR 11269, February 23, 2001 (“*Third Review—Final Results*”), all subsidies received in the POR were assigned a 12-year allocation period, consistent with the IRS tables.

In the current review, no respondent has contested the 12-year AUL in the IRS tables. Therefore, we are assigning a 12-year allocation period to non-recurring subsidies received in the POR, as well as any non-recurring subsidies received in prior years by companies that were not included in previous reviews.

Change in Ownership

In 1991, Delverde purchased a pasta factory from an unaffiliated party. The previous owner of the purchased factory had received non-recurring countervailable subsidies prior to the transfer of ownership. In *Third Review—Final Results*, the Department applied the methodology it developed to comply with the Court of Appeals for the Federal Circuit’s decision in *Delverde v. United States*, 202 F.3rd 1360, 1369 (Fed. Cir. 2000), to Delverde’s purchase of the pasta factory. We determined that the post-sale entity was, for all intents and purposes, the same “person” as the pre-sale entity. Consequently, all the elements of a subsidy are established with regard to the post-sale Delverde and it continues to benefit in full from all of the subsidies that were provided to the previous owner prior to the sale of the pasta factory.

No new information has been submitted in this review to warrant reconsideration of our determination regarding the countervailability of these subsidies. Therefore, we have included these subsidies in the countervailing duty rate calculated for Delverde.

Analysis of Programs

I. Programs Preliminarily Determined to Confer Subsidies

1. Law 64/86 Industrial Development Grants

Law 64/86 provided assistance to promote development in the

Mezzogiorno (the south of Italy). Grants were awarded to companies constructing new plants or expanding or modernizing existing plants. Pasta companies were eligible for grants to expand existing plants but not to establish new plants because the market for pasta was deemed to be close to saturated. Grants were made only after a private credit institution chosen by the applicant made a positive assessment of the project. (Loans were also provided under Law 64/86; *see below*.) In 1992, the Italian Parliament abrogated Law 64/86 and replaced it with Law 488/92 (*see below*). This decision became effective in 1993. However, companies whose projects had been approved prior to 1993 were authorized to continue receiving grants under Law 64/86 after 1993.

De Cecco and Delverde received grants under Law 64/86 which conferred a benefit during the POR.

In *Pasta Investigation*, the Department determined that these grants confer a countervailable subsidy within the meaning of section 771(5) of the Act. They are a direct transfer of funds from the GOI bestowing a benefit in the amount of the grant. Also, these grants were found to be regionally specific within the meaning of section 771(5A)(D)(iv) of the Act. In this review, neither the GOI nor the responding companies have provided new information which would warrant reconsideration of our determination that these grants are countervailable subsidies.

In *Pasta Investigation*, the Department treated the industrial development grants as non-recurring. No new information has been placed on the record of this review that would cause us to depart from this treatment. Also, consistent with our treatment of these grants in the *Third Review—Final Results*, for companies which previously have been investigated or reviewed, we have continued to expense or allocate grants disbursed prior to 1998 (the POR in the third review) according to the practice in place at the time of the investigation or review. (*See Countervailing Duties* (Proposed Rules), 54 FR 23366, 23384 (19 CFR 355.49(a)(3)) (May 31, 1989).) For grants disbursed in 1998, 1999 and this POR, 2000, we have followed the methodology described in section 351.524(b)(2) of our new countervailing duty regulations, which directs us to allocate over time those non-recurring grants whose total authorized amount exceeds 0.5 percent of the recipient’s sales in the year of authorization. Where the total amount authorized is less than 0.5 percent of the recipient’s sales in the

year of authorization, the benefit is countervailed in full (*i.e.*, “expensed”) in the year of receipt. We have also applied the methodology described in section 351.524(b)(2) of the regulations to grants approved prior to 1998 for companies that were not previously investigated or reviewed.

We used the grant methodology described in section 351.524(d) of the regulations to calculate the countervailable subsidy from those grants that were allocated over time. We divided the benefit received by each company in the POR by its total sales, or total pasta sales, as appropriate, in the POR.

On this basis, we preliminarily determine the countervailable subsidy from the Law 64/86 industrial development grants to be 0.82 percent ad valorem for De Cecco and 1.23 percent ad valorem for Delverde.

2. Law 488/92 Industrial Development Grants

In 1986, the European Union (“EU”) initiated an investigation of the GOI’s regional subsidy practices. As a result of this investigation, the GOI changed the regions eligible for regional subsidies to include depressed areas in central and northern Italy in addition to the Mezzogiorno. After this change, the areas eligible for regional subsidies are the same as those classified as Objective 1, Objective 2, and Objective 5(b) areas by the EU (*see* “European Social Fund” section below). The new policy was given legislative form in Law 488/92 under which Italian companies in the eligible sectors (manufacturing, mining, and certain business services) may apply for industrial development grants. (Loans are not provided under Law 488/92.)

Law 488/92 grants are made only after a preliminary examination by a bank authorized by the Ministry of Industry. On the basis of the findings of this preliminary examination, the Ministry of Industry ranks the companies applying for grants. The ranking is based on indicators such as the amount of capital the company will contribute from its own funds, the number of jobs created, regional priorities, etc. Grants are then made based on this ranking.

De Cecco and Delverde received grants under Law 488/92 which conferred a benefit during the POR.

Industrial development grants under Law 488/92 were found countervailable in *Second Review—Final Results*. The grants are a direct transfer of funds from the GOI bestowing a benefit in the amount of the grant. Also, these grants were found to be regionally specific within the meaning of section

771(5A)(D)(iv) of the Act. In this review, neither the GOI nor the responding companies have provided new information which would warrant reconsideration of our determination that these grants are countervailable subsidies.

In *Second Review—Final Results*, the Department treated industrial development grants under Law 488/92 as non-recurring. No new information has been placed on the record of this review that would cause us to depart from this treatment. We expensed or allocated these grants according to the methodology applied to the Law 64/86 industrial development grants discussed above.

We used the grant methodology as described in section 351.524(d) of the regulations to calculate the subsidy for those grants that were allocated over time. We divided the benefits received by each company in the POR by its total sales, or total pasta sales, as appropriate, in the POR.

On this basis, we preliminarily determine the countervailable subsidy from the Law 488/92 industrial development grants to be 0.34 percent ad valorem for De Cecco and 0.60 percent ad valorem for Delverde.

3. Law 64/86 Industrial Development Loans

In addition to the industrial development grants discussed above, Law 64/86 also provided reduced rate industrial development loans with interest contributions paid by the GOI on loans taken by companies constructing new plants or expanding or modernizing existing plants in the Mezzogiorno. For the reasons discussed above, pasta companies were eligible for interest contributions to expand existing plants, but not to establish new plants. The interest rates on these loans were set at the reference rate with the GOI's interest contributions serving to reduce this rate. Although Law 64/86 was abrogated in 1992 (effective 1993), projects approved prior to 1993, were authorized to receive interest subsidies after 1993.

De Cecco and Delverde had Law 64/86 industrial development loans outstanding during the POR.

In *Pasta Investigation*, the Department determined that the Law 64/86 loans confer a countervailable subsidy within the meaning of section 771(5) of the Act. They are a direct transfer of funds from the GOI providing a benefit in the amount of the difference between the benchmark interest rate and the interest rate paid by the companies after accounting for the GOI's interest contributions. Also, these loans were

found to be regionally specific within the meaning of section 771(5A)(D)(iv) of the Act. In this review, neither the GOI nor the responding companies have provided new information which would warrant reconsideration of our determination that these loans are a countervailable subsidy.

In accordance with section 351.505(c)(2) of the regulations, we calculated the benefit for the POR by computing the difference between the payments the loan recipients made on their Law 64/86 loans during the POR and the payments the companies would have made on a comparable commercial loan. We divided the benefit received by each company by its total sales or total pasta sales, as appropriate, in the POR.

On this basis, we preliminarily determine the countervailable subsidy from the Law 64/86 industrial development loans to be 0.52 percent ad valorem for De Cecco and 0.25 percent ad valorem for Delverde.

4. Law 341/95 Interest Contributions on Debt Consolidation Loans

Law 85/95 created the Fondo di Garanzia aimed at improving the financial structure of small- and medium-sized companies located in EU Objective 1 areas (see, "European Social Fund" section below). Under Article 2 of Law 341/95, monies from the Fondo di Garanzia are used to make interest contributions on debt consolidation loans obtained by eligible companies. The company first enters into a loan contract with a commercial bank. Then, the contract is submitted to the approving authority. After approval, the loan is made.

De Cecco had a Law 341/95 debt consolidation loan outstanding during the POR.

We preliminarily determine that the interest contributions on this loan confer a countervailable subsidy within the meaning of section 771(5) of the Act. They are a direct transfer of funds from the GOI providing a benefit in the amount of the interest contributions. Also, these interest contributions are regionally specific within the meaning of section 771(5A)(D)(iv) of the Act.

Because De Cecco anticipated receiving the interest contributions when it applied for the debt consolidation loan, we are calculating the amount of the subsidy as if this were a reduced interest loan (see, section 351.508(c)(2) of the regulations). Thus, we have divided the interest contributions received by De Cecco in the POR by De Cecco's total sales in the POR.

On this basis, we preliminarily determine the countervailable subsidy

from interest contributions under Law 341/95 to be 0.02 percent ad valorem for De Cecco.

5. Social Security Reductions and Exemptions—Sgravi

Italian law allows companies, particularly those located in the Mezzogiorno, to use a variety of exemptions and reductions ("sgravi") of the payroll contributions that employers make to the Italian social security system for health care benefits, pensions, etc. The sgravi benefits are regulated by a complex set of laws and regulations and are sometimes linked to conditions such as creating more jobs. The benefits under some of these laws (e.g., Laws 183/76 and 449/97) are available only to companies located in the Mezzogiorno and other disadvantaged regions. Other laws (e.g., Laws 407/90 and 863/84) provide benefits to companies all over Italy, but the level of benefits is higher for companies in the south than for companies in other parts of the country.

The various laws identified as having provided sgravi benefits during the POR are: Law 183/76, Law 407/90, Law 863/84, Law 449/97, and Law 448/98. (Laws 449/97 and 448/98 are related and sometimes referred to jointly as "Sgravi Capitorio.") All the respondent companies in this review, other than IAPC which is not located in the Mezzogiorno, received some form of sgravi benefits during the POR.

In *Pasta Investigation* and subsequent reviews, the Department determined that the various forms of social security reductions and exemptions confer countervailable subsidies within the meaning of section 771(5) of the Act. They represent revenue foregone by the companies. Also, they were found to be regionally specific within the meaning of section 771(5A)(D)(iv) of the Act because they were limited to companies in the Mezzogiorno or because the higher levels of benefits were limited to companies in the Mezzogiorno. In this review, neither the GOI nor the responding companies provided new information which would warrant reconsideration of our determination that these tax savings are a countervailable subsidy.

In accordance with section 351.524(c) of the regulations and consistent with our methodology in the investigation and previous reviews, we have treated social security reductions and exemptions as recurring benefits. To calculate the countervailable subsidy, we divided each company's savings in social security contributions during the POR by that company's total sales in the

POR. In those instances where the applicable law provided a higher level of benefits to companies based on their location, we divided the amount of the sgravi benefits that exceeded the amount available to companies in other parts of Italy by the recipient company's total sales in the POR (*see*, section 351.503(d)(1) of the regulations).

In its November 26, 2001 questionnaire response, Delverde requested that it receive an offset or credit against current sgravi benefits to reflect repayment of certain sgravi benefits received in the past. Specifically, because Molise and Abruzzo have lost their status as regions entitled to higher benefit levels, Delverde has begun repayment of benefits it received between December 1, 1994 and November 30, 1996.

Consistent with our finding in *Fourth Review—Final Results*, Comment 7, because the repayments made by Delverde relate to prior recurring subsidies previously countervailed and because countervailing duties have already been assessed on the relevant imports of pasta, we have not credited the repayment of these past benefits against current sgravi benefits because they do not qualify as a permissible offset within the meaning of section 771(6) of the Act.

On this basis, we preliminarily determine the countervailable subsidy from the sgravi program to be 0.08 percent ad valorem for De Cecco, 0.17 percent ad valorem for Delverde, and 1.57 percent ad valorem for Labor.

6. IRAP Exemptions

On January 1, 1998, the local income tax (ILOR) was replaced with a new regional tax, the IRAP, as a result of Legislative Decree 446 (December 15, 1997). Existing exemptions from the ILOR continued under IRAP. In particular, income from production facilities located in the Mezzogiorno was exempt from tax for ten years.

De Cecco and Delverde claimed the IRAP tax exemption on their tax returns filed during the POR.

In *Pasta Investigation*, the Department determined that the ILOR tax exemption confers a countervailable subsidy within the meaning of section 771(5) of the Act, the exemption represents revenue foregone by the taxing authority and confers a benefit in the amount of the tax savings to the recipient companies, and the exemption was regionally specific within the meaning of section 771(5A)(D)(iv) of the Act. In this review, neither the GOI nor the responding companies have provided any information to indicate that the substitution of the IRAP for the ILOR

would warrant reconsideration of our determination that this tax exemption is a countervailable subsidy.

In accordance with sections 351.509(b) of the regulations and our treatment of the ILOR tax exemption in *Pasta Investigation*, we are calculating the countervailable subsidy by dividing each company's tax savings in the POR by its total sales, or total pasta sales, as appropriate, during the POR.

On this basis, we preliminarily determine the countervailable subsidy from the IRAP tax exemption to be 0.10 percent ad valorem for De Cecco, and 0.02 percent ad valorem for Delverde.

7. Law 304/90 Export Marketing Grants

Under Law 304/90, the GOI provided grants to promote the sale of Italian food and agricultural products in foreign markets. The grants were given for pilot projects aimed at developing links and integrating marketing efforts between Italian food producers and foreign distributors. The emphasis was on assisting small- and medium-sized producers.

Delverde received a grant under this program for an export sales pilot project in the United States. The purpose of the project was to increase the presence of all Delverde's products in the U.S. market, not only pasta.

In *Pasta Investigation*, the Department determined that these export marketing grants confer a countervailable subsidy within the meaning of section 771(5) of the Act. They are a direct transfer of funds from the GOI bestowing a benefit in the amount of the grant. Also, these grants were found to be specific within the meaning of section 771(5A)(B) of the Act because their receipt was contingent upon exportation. In this review, neither the GOI nor the responding companies have provided new information which would warrant reconsideration of our determination that these grants confer a countervailable subsidy.

Also in *Pasta Investigation*, the Department treated export marketing grants as non-recurring. No new information has been placed on the record of this review that would cause us to depart from this treatment.

Because this grant exceeded 0.5 percent of Delverde's exports to the United States in the year of receipt, we used the grant methodology described in section 351.524(d) of the regulations to allocate the benefit over time. We divided the benefit attributable to the POR by the value of Delverde's total exports to the United States in the POR.

On this basis, we preliminarily determine the countervailable subsidy from the Law 304/90 export marketing

grants to be 0.37 percent ad valorem for Delverde.

8. Export Restitution Payments

The EU provides restitution payments to EU pasta exporters based on the durum wheat content of their exported pasta products. The program is designed to compensate pasta producers for the difference between EU prices and world market prices for durum wheat. Generally, under this program, a restitution payment is available to any EU exporter of pasta products, regardless of whether the pasta was made with imported wheat or wheat grown within the EU.

De Cecco and Delverde received export restitution payments during the POR for shipments of pasta to the United States.

In *Pasta Investigation*, the Department determined that export restitution payments confer a countervailable subsidy within the meaning of section 771(5) of the Act. These payments are a direct transfer of funds from the EU bestowing a benefit in the amount of the payment. The restitution payments were found to be specific because their receipt is contingent upon export performance. In this review, the GOI, the EU, and the responding companies have not provided new information which would warrant reconsideration of our determination that export restitution payments are countervailable subsidies.

In *Pasta Investigation*, we treated the export restitution payments as recurring benefits. We have found no reason to depart from this treatment in the current review. Therefore, to calculate the countervailable subsidy, we generally divided the export restitution payments received by the recipient companies in the POR for pasta shipments to the United States by the value of each company's pasta exports to the United States in the POR.

On this basis, we preliminarily determine the countervailable subsidy from the export restitution program to be 0.02 percent ad valorem for De Cecco and 0.19 percent ad valorem for Delverde.

9. IRPEG Exemptions

In addition to providing sgravi benefits, Law 449/97 also provides partial exemptions from a corporate income tax, the IRPEG. These partial exemptions are given for new employees hired between October 1, 1997 and December 31, 2000. Only firms located in EU Objective 1 areas are eligible for these exemptions.

Under section 351.509(c) of the Department's regulations, direct tax benefits are assigned to the date on

which the recipient firm would otherwise have had to pay the taxes. Because the partial exemption was applied towards estimated taxes in 1999 and De Cecco's ultimate liability for tax year 1999 became known in 2000, we preliminarily determine that De Cecco received IRPEG exemptions in this POR.

To calculate the countervailable subsidy, we divided the IRPEG exemptions received by the recipient company in the POR by the value of the company's total sales in the POR.

On this basis, we preliminarily determine the countervailable subsidy from the IRPEG partial exemption program to be 0.00 percent ad valorem for De Cecco.

II. Programs Preliminarily Determined to Be Not Used

We examined the following programs and preliminarily determine that the producers and/or exporters of the subject merchandise under review did not apply for or receive benefits under these programs during the POR:

1. Law 64/86 VAT Reductions
2. Export Credits under Law 227/77
3. Capital Grants under Law 675/77
4. Retraining Grants under Law 675/77
5. Interest Contributions on Bank Loans under Law 675/77
6. Interest Grants Financed by IRI Bonds
7. Preferential Financing for Export Promotion under Law 394/81
8. Urban Redevelopment under Law 181
9. Grant Received Pursuant to the Community Initiative Concerning the Preparation of Enterprises for the Single Market ("PRISMA")
10. Law 183/76 Industrial Development Grants
11. Law 598/94 Interest Subsidies
12. Law 236/93 Training Grants
13. European Regional Development Fund (ERDF)
14. Duty-Free Import Rights
15. Remission of Taxes on Export Credit Insurance Under Article 33 of Law 227/77
16. Law 1329/65 Interest Contributions (Sabatini Law)
17. European Social Fund (ESF)

Preliminary Results of Review

In accordance with 19 CFR 351.221(b)(4)(i), we calculated an individual subsidy rate for each producer/exporter covered by this administrative review. For the period January 1, 2000 through December 31, 2000, we preliminarily determine the net subsidy rates for producers/exporters under review to be those specified in the chart shown below. If the final results of this review remain the same as these preliminary results, the Department intends to instruct the

U.S. Customs Service ("Customs") to assess countervailing duties at these net subsidy rates. The Department also intends to instruct Customs to collect cash deposits of estimated countervailing duties at these rates on the f.o.b. value of all shipments of the subject merchandise from the producers/exporters under review that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this administrative review.

Company	Ad valorem rate (in percent)
F.lli De Cecco di Filippo Fara San Martino S.p.A	1.90
Delverde S.p.A	2.83
Italian American Pasta Company, S.r.l	0.00
Labor, s.r.l	1.57

The calculations will be disclosed to the interested parties in accordance with section 351.224(b) of the regulations.

For companies that were not named in our notice initiating this administrative review (except Barilla G. e R. F.lli S.p.A. ("Barilla") and Gruppo Agricoltura Sana S.r.l. ("Gruppo") which were excluded from the order during the investigation), the Department has directed Customs to assess countervailing duties on all entries between January 1, 2000 and December 31, 2000 at the rates in effect at the time of entry. For the company for which this review has been rescinded (Puglisi), we will direct Customs to liquidate all entries between January 1, 2000 and December 31, 2000 at the rates in effect at the time of entry.

For all non-reviewed firms, we will instruct Customs to collect cash deposits of estimated countervailing duties at the most recent company-specific or country-wide rate applicable to the company. Accordingly, the cash deposit rates that will be applied to non-reviewed companies covered by this order are those established in the *Notice of Countervailing Duty Order and Amended Final Affirmative Countervailing Duty Determination: Certain Pasta from Italy*, 61 FR 38544 (July 24, 1996) or the company-specific rate published in the most recent final results of an administrative review in which a company participated. These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested.

Public Comment

Interested parties may submit written arguments in case briefs within 30 days

of the date of publication of this notice. Rebuttal briefs, limited to issues raised in case briefs, may be filed not later than five days after the date of filing the case briefs. Parties who submit briefs in this proceeding should provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited. Copies of case briefs and rebuttal briefs must be served on interested parties in accordance with 19 CFR 351.303(f).

Interested parties may request a hearing within 30 days after the date of publication of this notice. Any hearing, if requested, will be held two days after the scheduled date for submission of rebuttal briefs.

The Department will publish a notice of the final results of this administrative review within 120 days from the publication of these preliminary results.

This administrative review and notice are in accordance with sections 751(a)(1) and 777(i) of the Act.

Dated: April 1, 2002.

Faryar Shirzad,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

Environmental Technologies Trade Advisory Committee (ETTAC)

AGENCY: International Trade Administration, U.S. Department of Commerce.

ACTION: Notice of open meeting.

Date: May 9, 2002.

Time: 9:00 a.m. to 11:30 p.m.

Place: U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, Room 3407.

SUMMARY: The Environmental Technologies Trade Advisory Committee will hold a plenary meeting on May 9, 2002, at the U.S. Department of Commerce.

ETTAC will hear briefings on trade and finance issues and discuss subcommittee work plans. The meeting is open to the public.

ETTAC is mandated by Public Law 103-392. It was created to advise the U.S. government on environmental trade policies and programs, and to help it to focus its resources on increasing the exports of the U.S. environmental industry. The ETTAC operates as an advisory committee to the Secretary of Commerce and the interagency