transport from ship to ship for operation at sea. The National Institutes of Health advises in its memorandum of July 2, 2001 that (1) these capabilities are pertinent to the applicant's intended purpose and (2) it knows of no domestic instrument or apparatus of equivalent scientific value to the foreign instrument for the applicant's intended use.

We know of no other instrument or apparatus of equivalent scientific value to the foreign instrument which is being manufactured in the United States.

Gerald A. Zerdy,

Program Manager, Statutory Import Programs Staff.

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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, 1999, through December 31, 1999. We have preliminarily determined 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Because the requests for review were withdrawn, we are rescinding this review for the following companies: Pastificio F.lli Pagani, Commercio-Rappresentanze-Export S.r.L., Tamma Industrie Alimentari di Capitanata. S.r.L., Molino e Pastificio, La Molisana Alimentari S.p.A., Arrighi S.p.A. Industrie Alimentari, Industria Alimentare Colavita, S.p.A., Isola del Grano S.r.L., Italpast S.p.A., Italpasta S.r.L., Labor S.r.L., Pastificio Guido Ferrara, Pastificio Campano, S.p.A., Indalco, Audisio Industrie Alimentari de Capitanata, S.p.A., Pastificio Fabianelli, S.p.A. and Pastificio Di Martino Gaetano & F.lli S.r.l.

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

EFFECTIVE DATE: August 6, 2001.

FOR FURTHER INFORMATION CONTACT: Craig Matney, Sally Hastings, Andrew Covington, or Meg Weems 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, 482–3464, 482–3534, or 482–2613, respectively.

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 (2000).

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 20, 2000, the Department published a notice of ''Opportunity to Request Administrative Review'' of this countervailing duty order for calendar year 1999 (*Notice of Opportunity to Request Administrative Review of Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation*, 65 FR 45035). We received review requests for 29 producers/exporters of Italian pasta. We initiated our review on September 6, 2000 (*Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part,* 65 FR 53980).

Due to administrative resource constraints, the Department decided to limit the number of producers/exporters it would review. On September 18, 2000, the Department issued its ''Respondent Selection Memorandum'' stating that it had selected the largest 12 exporters as mandatory respondents. (*See* September 18, 2000 Memorandum to Deputy Assistant Secretary Richard W. Moreland regarding Respondent Selection. A public version of this memorandum is available in the Central Records Unit (''CRU'') in Room B–099 of the main Department building).

On September 21, 2000, Borden Foods Corporation (one of the original petitioners in this proceeding) withdrew its request for review of those producers/exporters that had been included in its July 31, 2000 request for review but were not selected as mandatory respondents. On October 18, 2000, Pastificio Di Martino Gaetano & F.lli s.r.l. (''Di Martino'') withdrew its request for review, and on November 6, 2000, Tamma Industrie Alimentari, S.r.L (''Tamma'') withdrew its request for review. We are rescinding this administrative review for all of these companies (*see,* the ''Partial Rescission'' section, below).

Thus, this administrative review of the order covers the following producers/exporters of the subject merchandise: Agritalia, S.r.L. (''Agritalia''), F.lli De Cecco di Filippo Fara S. Martino S.p.A. (''De Cecco''), Delverde S.p.A. (''Delverde''), De Matteis Agroalimentare S.p.A. (''De Matteis''), Pastificio Antonio Pallante S.r.L. (''Pallante''), Pastificio Maltagliati S.p.A. (''Maltagliati''), P.A.M. S.r.L.—Prodotti Alimentari Meridionali (''PAM'') (PAM is also responding for Pastificio Liguori dal 1820, S.p.A.), Pastificio Riscossa F.lli Mastromauro S.r.L. (''Riscossa''), N. Puglisi & F. Industria Paste Alimentari S.p.A. (''Puglisi''), Rummo S.p.A. Molino e Pastificio (''Rummo''), and 28 programs.

On September 29, 2000, we issued countervailing duty questionnaires to the Commission of the European Union (''EC'') and the Government of Italy (''GOI''). We received responses to our questionnaires and issued supplemental questionnaires throughout the period October 2000 through February 2001. Responses to the supplemental questionnaires were received in January, February and March 2001.

On October 23, 2000, we were notified by a bankruptcy trustee that Maltagliati declared bankruptcy on February 9, 2000, and that its factory was closed that same month.

On April 3, 2001, the Department extended the time limit for issuing these preliminary results until no later than July 31, 2001 (*Certain Pasta From Italy and Turkey; Notice of Extension of Time Limit for Preliminary Results of Countervailing Duty Administrative Reviews*, 65 FR 17683).

Partial Rescission

As noted above, the petitioner withdrew its request for review of those producers/exporters that were included in its July 31, 2000 request for review but were not selected by the Department

as mandatory respondents. These producers/exporters are: Pastificio F.lli Pagani, Commercio-Rappresentanze-Export S.r.L., Tamma Industrie Alimentari di Capitanata. S.r.L., Molino e Pastificio, La Molisana Alimentari S.p.A., Arrighi S.p.A. Industrie Alimentari, Industria Alimentare Colavita, S.p.A., Isola del Grano S.r.L., Italpast S.p.A., Italpasta S.r.L., Labor S.r.L., Pastificio Guido Ferrara, Pastificio Campano, S.p.A., Indalco, Audisio Industrie Alimentari de Capitanata, S.p.A., and Pastificio Fabianelli, S.p.A. Also, Di Martino and Tamma withdrew their requests for review.

Because these withdrawals were timely filed, we are finally rescinding this review with respect to these companies (*see* 19 CFR 351.213(d)(1)). We will instruct the U.S. Customs Service to liquidate any entries from these companies during the POR and to assess countervailing duties at the rate that was applied at the time of entry.

Use of Facts Available

As noted above, we were notified by a bankruptcy trustee that Maltagliati filed for bankruptcy in February 2000, shortly after the period covered by this administrative review. We did not receive a response to our countervailing duty questionnaire from this company.

Section 776(a)(2) of the Act provides that: If an interested party or any other person—(A) withholds information that has been requested by the administering authority or the Commission under this title, (B) fails to provide such information by the deadlines for submission of the information or in the form and manner requested, subject to subsections (c)(1) and (e) of section 782, (C) significantly impedes a proceeding under this title, or (D) provides such information but the information cannot be verified as provided in section 782(i), the administering authority and the Commission shall, subject to section 782(d), use the facts otherwise available in reaching the applicable determination under this title. Section 776(b) of the Act further provides that adverse inferences may be employed when a party has failed to cooperate by not acting to the best of its ability to comply with a request for information.

In this instance, we preliminarily determine that an adverse inference is not warranted. According to the bankruptcy trustee, all of Maltagliati's employees were dismissed and the facility closed prior to receipt of the questionnaire. Moreover, we have confirmed with the Customs Service that there have been no imports of pasta from Maltagliati since February 2000. Therefore, as facts available, we preliminarily determine that the countervailable subsidy bestowed on Maltagliati during the POR is 3.85 percent *ad valorem,* the ''all others'' rate established in *Notice of Countervailing Duty Order and Amended Final Affirmative Countervailing Duty Determination: Certain Pasta (''Pasta'') from Italy,* 61 FR 38544, July 24, 1996. Maltagliati was not investigated or included in any prior reviews. Therefore, entries during the POR from Maltagliati were subject to estimated countervailing duties of 3.85 percent.

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 (''IMC''), by Bioagricoop Scrl, by QC&I International Services, by Ecocert Italia, by the Conzorzio per il Controllo dei Prodotti Biologici, or by Associazione Italiana per l'Agricoltura Biologica.

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, 1999 through December 31, 1999.

Attribution of Subsidies

Agritalia: Agritalia is a trading company which buys and sells pasta produced by non-affiliated suppliers. In accordance with section 351.525(c) of the regulations, we have cumulated the benefits received by Agritalia and by the two major companies supplying Agritalia to calculate the countervailing duty rate applicable to Agritalia.

DeCecco: DeCecco has responded on behalf of three members of the DeCecco Group: F.lli DeCecco di Filippo Fara San Martino S.p.A. (''Pastificio''), Molino e Pastificio F.lli DeCecco S.p.A. (''Pescara'') and Molino F.lli DeCecco di Filippo S.p.A. (''Molino''). Pastificio and Pescara manufacture pasta for sale in Italy and the United States; Molino produces semolina for Pastifico and Pescara. Pastifico and Pescara are directly or indirectly 100 percent-owned by members of the DeCecco family. Effective January 1, 1999, Molino was merged with Pastifico and ceased to be a separate entity. In accordance with section 351.525(b)(6)(i) and (ii) of the regulations, we are attributing subsidies received by all three entities to the combined sales of all three.

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 Third Administrative Review,* 66 FR 11269, February 23, 2001 (''*Third 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.

DeMatteis: DeMatteis is 100 percent owned by DeMatteis Costruzioni S.r.L. (''Costruzioni''). Costruzioni also owns 100 percent of Demaservice S.r.L., (''Demaservice''). DeMatteis produces and sells pasta products. Costruzioni, a real estate management company, built a warehouse and office building for DeMatteis. Demaservice provides accounting services to Constuzioni and miscellaneous administrative and support services to DeMatteis. DeMatteis has responded on behalf of all three of these companies. In accordance with section 351.525(b)(6)(iii) of the regulations (*see,* in particular, discussion in the preamble to this regulation regarding ''non-producing'' subsidiaries), we are attributing subsidies received by all three entities to the combined sales of all three.

Pallante: Pallante has responded on behalf of Pastificio Antonio Pallante, S.r.L. (''Pallante'') and Industrie Alimentari Molisane S.r.L. (''IAM''), two separately incorporated companies. Pallante produces pasta. IAM is an integrated company that purchases wheat, mills it into semolina, and uses its semolina to produce pasta. We are treating Pallante and IAM as a single respondent, in accordance with section 351.525(b)(6)(ii) of the regulations, because a single shareholder, Antonio Pallante, has a controlling interest in both companies. Therefore, subsidies received by both companies are being attributed to the sales of both companies.

PAM: PAM has responded on behalf of five companies: PAM, Liguori, Pastificio D'Apuzzo S.p.A. (''D'Apuzzo''), Comimpex, S.r.L. (''Comimpex''), and En.Le.Ve. S.r.L. (''En.Le.Ve.''). PAM, D'Apuzzo, and Comimpex were involved in the production and sale of pasta during the POR, or in related milling operations. En.Le.Ve. provided administrative services to these three companies. Given the nature and extent of the common ownership between PAM, D'Apuzzo, Comimpex, and En.Le.Ve. (the details of which are proprietary), we are attributing subsidies received by these four companies to the combined sales of the four companies. Details of Liguori's relationship with PAM are proprietary. Therefore, Liguori is discussed separately (*see,* July 31, 2001 Proprietary Memorandum from Meg Weems to Richard W. Moreland regarding PAM—Attribution Issues).

PAM has objected to being asked to respond on behalf of Comimpex. Its reasons are proprietary. PAM's arguments and our position are also discussed in the July 31, 2001 Proprietary Memorandum from Meg Weems to Richard W. Moreland regarding PAM—Attribution Issues.

Puglisi: Puglisi has responded on behalf of N. Puglisi & F. Industria Paste Alimentari S.p.A. (''Puglisi'') and its 100-percent owned subsidiary, CE.S.A.P. S.r.L. (''CE.S.A.P.''). CE.S.A.P. provides quality control and maintenance services to Puglisi. We have attributed the subsidies received by both companies to their combined sales.

Riscossa: Riscossa is an integrated pasta producer, buying its wheat, milling the wheat into semolina, and producing pasta from its semolina. In accordance with section 351.525(b)(6)(i) of the regulations, the Department has attributed subsidies received by Riscossa for the production of semolina and pasta to Riscossa's sales of pasta.

Rummo: Rummo is a family-owned business with no affiliated companies producing subject merchandise or inputs into subject merchandise. Therefore, all subsidies received by Rummo have been attributed to pasta it produces and sells, and to the ''pasta waste'' (a by-product) it sells as animal feed.

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 *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 Result,* 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.

DeCecco, Delverde, DeMatteis, Pallante, Puglisi, and Riscossa 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) 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 and this POR, 1999, 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 (''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 0.94 percent *ad valorem* for DeCecco, 1.55 percent *ad valorem* for Delverde, 0.16 percent *ad valorem* for DeMatteis, 1.20 percent *ad valorem* for Pallante, 2.83 percent *ad valorem* for Puglisi, and 0.81 percent *ad valorem* for Riscossa.

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.

DeCecco, Delverde, DeMatteis, Pallante and Puglisi 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) 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 0.31 percent *ad valorem* for DeCecco, 0.28 percent *ad valorem* for Delverde, 1.17 percent *ad valorem* for DeMatteis, 0.07 percent *ad valorem* for Pallante, and 2.55 percent *ad valorem* for Puglisi.

3. Law 183/76 Industrial Development Grants

In 1983, Riscossa applied for an industrial development grant under Law 183/76. The GOI approved the application and disbursed the grant in tranches. Only the last of these disbursements, received by Riscossa in 1988, falls within that company's 12-year AUL period. Therefore, only this last disbursement is being countervailed in the current review.

In *Pasta Investigation* and subsequent reviews, the Department determined that the industrial development grant received by Riscossa confers a countervailable subsidy within the meaning of section 771(5) of the Act. This grant is a direct transfer of funds from the GOI bestowing a benefit in the amount of the grant. Also, this grant was found to be regionally specific within the meaning of section 771(5A) of the Act. In this review, neither the GOI nor Riscossa has provided new information which would warrant reconsideration of our determination that this grant is a countervailable subsidy.

We have previously treated Riscossa's industrial development grant 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 allocated the last disbursement of this grant over time because it exceeded 0.5 percent of Riscossa's sales in the year of receipt.

We used the grant methodology described in section 351.524(d) of the regulations to calculate the countervailable benefit. We divided the benefit received by Riscossa in the POR by the company's total pasta sales in the POR.

On this basis, we preliminarily determine the countervailable subsidy from the Law 183/76 industrial development grant to be 0.08 percent *ad valorem* for Riscossa.

4. 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.

DeCecco, Delverde, De Matteis, Pallante, and Puglisi 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) 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.

Pallante reported having received loans under Law 64/86. Based on the underlying documents submitted, it appears that for some of these loans Pallante received interest contributions but it did not receive reduced interest rates. For these loans, the interest contributions were received prior to the POR. Moreover, the interest contributions were less than 0.5 percent of Pallante's sales in the years the bestowals were approved. Therefore, we have not included these loans in our calculations for Pallante. Instead, we are only calculating a benefit for those Law 64/86 loans to Pallante that were outstanding during the POR.

On this basis, we preliminarily determine the countervailable subsidy from the Law 64/86 industrial development loans to be 0.63 percent *ad valorem* for DeCecco, 0.35 percent *ad valorem* for Delverde, 0.08 percent *ad valorem* for DeMatteis, 0.13 percent *ad valorem* for Pallante, and 0.18 percent *ad valorem* for Puglisi.

5. 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.

DeCecco 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) of the Act.

Because DeCecco 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 DeCecco in the POR by DeCecco'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 DeCecco.

6. Law 598/94 Interest Subsidies

Under Law 598/94, the GOI pays a portion of the interest on certain loans granted to small- and medium-sized industrial companies. These loans are to be used for investments related to technological innovation and/or environmental protection.

During the POR, DeMatteis, Riscossa, and Rummo received interest subsidies under this program.

In *Third Review—Final Results,* the Department determined that these interest contributions confer a countervailable subsidy within the meaning of section 771(5) of the Act. They are a direct transfer of funds bestowing a benefit in the amount of the interest contribution.

Regarding specificity, we recognized that different levels of interest contributions were made depending on the region in which the recipient company was located. In particular, the level of the interest contribution was set at 45 percent for companies located in EU Objective 1, 2, and 5(b) areas (*see*, ''European Social Fund'' section below), while firms in all other regions could receive interest contributions of 30 percent. Although we sought information in that review about the actual use and distribution of interest contributions in the non-disadvantaged regions, the GOI did not provide it. Similarly in this review, the GOI has not provided information showing that the 30 percent interest contributions are not specific in fact. Therefore, consistent with our determination in *Third Review—Final Results,* we preliminarily determine that the 45 percent interest contributions are regionally specific and that the 30 percent interest contributions are specific in fact, within the meaning of section 771(5A) of the Act.

Because the recipient companies anticipated receiving interest contributions when they applied for the loans, 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 DeMatteis, Riscossa, and Rummo in the POR by each company's total sales, or total pasta sales, as appropriate, in the POR.

On this basis, we preliminarily determine the countervailable subsidy from the Law 598/94 interest subsidies to be 0.18 percent *ad valorem* for DeMatteis, 0.20 percent *ad valorem* for Riscossa, and 0.20 percent *ad valorem* for Rummo.

7. 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 1089/68 (''Sgravi Unico''); Law 183/76; Law 863/84, Law 407/90; Law 223/91; Law 56/97; Law 196/97; Law 449/97; and Law 448/98. (Laws 449/97 and 448/98 are related and sometimes referred to jointly as ''Sgravi Capitario.'') All the respondent companies in this review 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 GOI bestowing a benefit in the amount of the savings received by the companies. Also, they were found to be regionally specific within the meaning of section 771(5A) 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).

On this basis, we preliminarily determine the countervailable subsidy from the *sgravi* program to be 0.21 percent *ad valorem* for Agritalia, 0.11 percent *ad valorem* for DeCecco, 0.22 percent *ad valorem for* Delverde, 0.61 percent *ad valorem* for De Matteis, 0.18 percent *ad valorem* for Pallante, 0.26 percent *ad valorem* for PAM, 0.56 percent *ad valorem* for Puglisi, 0.04 percent *ad valorem* for Riscossa, and 0.46 percent *ad valorem* for Rummo.

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.

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.

8. 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.

DeCecco claimed the IRAP tax exemption on its tax return 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. Also, this tax exemption was found to be regionally specific within the meaning of section 771(5A) 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 0.08 percent *ad valorem* for DeCecco.

9. Law 236/93 Training Grants

Under Law 236/93, which is administered by the regional governments but funded by the GOI, grants are provided to Italian companies for worker training.

Delverde received a grant under this program during the POR. Its grant application was approved in 1997, and tranches of the grant were disbursed in 1998 and 1999.

In *Third Review—Final Results*, the Department determined that Law 236/93 training 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, because the GOI and the regional government of Abruzzo did not provide adequate information about the distribution of grants under this program, we determined that Law 236/93 training grants were specific within the meaning of section 771(5A) of the Act. In this review, neither the GOI nor the Government of Abruzzo has provided information that would warrant reconsideration of our determination that these grants are countervailable subsidies.

Consistent with section 351.524(c)(1) of the regulations and our treatment of this grant in the prior review, the Department is treating this worker training subsidy as a recurring benefit. Therefore, to calculate the countervailable subsidy, we divided the amount received by Delverde in the POR by the company's total sales in the POR.

On this basis, we preliminarily determine the countervailable subsidy for this program to be 0.02 percent *ad valorem* for Delverde.

10. 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) 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 0.34 percent *ad valorem* for Delverde.

11. European Regional Development Fund (ERDF)

The ERDF is another of the European Union's Structural Funds. It was created pursuant to the authority in Article 130 of the Treaty of Rome in order to reduce regional disparities in socio-economic performance within the EU. The ERDF program provides grants to companies located within regions which meet the criteria of Objective 1 (underdeveloped regions), Objective 2 (declining industrial regions), or Objective 5(b) (declining agricultural regions) under the Structural Funds.

DeMatteis and PAM received ERDF grants which conferred a benefit during the POR.

In *Pasta Investigation*, the Department determined that ERDF grants confer a countervailable subsidy within the meaning of section 771(5) of the Act. They are a direct transfer of funds 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) of the Act. In this review, neither the EU, the GOI nor the responding companies have provided new information which would warrant reconsideration of our determination that ERDF grants are countervailable subsidies.

In Pasta Investigation, the Department treated ERDF 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. In accordance with section 351.524(b)(2) of the regulations, we determined that the ERDF grants received by these companies exceeded 0.5 percent of their respective sales in the years in which the grants were approved.

We used the grant methodology described in section 351.524(d) of the regulations to calculate the countervailable benefit. 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 ERDF grant to be 0.13 percent *ad valorem* for DeMatteis and 0.12 percent *ad valorem* for PAM.

12. 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.

Agritalia, DeCecco, Delverde, Pallante, PAM, Puglisi, and Rummo 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. For Pallante, we divided total export restitution payments by exports to all markets, because the reported benefits were not segregated by market.

On this basis, we preliminarily determine the countervailable subsidy from the export restitution program to be 0.07 percent *ad valorem* for Agritalia, 0.11 percent *ad valorem* for DeCecco, 0.51 percent *ad valorem* for Delverde, 2.52 percent *ad valorem* for Pallante, 0.70 percent *ad valorem* for PAM, 1.36 percent *ad valorem* for Puglisi, and 0.60 percent *ad valorem* for Rummo.

13. Duty-Free Import Rights

Under Italian and EU customs procedures, companies may seek authorization for duty-free importation of certain agricultural input products, on the condition that processed agricultural products are exported. Under the *Temporanea Importazione* scheme, a processor of agricultural products can apply to import its input duty free and, after processing, to export the processed product. Under the *Riesportazione Preventiva* scheme, the order is reversed: after exporting the processed product, the agricultural input product can be imported duty free. The authorizations for duty-free importation, granted by the customs authorities, are transferable.

During the POR, Agritalia received authorizations for duty-free importation of durum wheat which it sold.

In situations where a producer imports its inputs and then exports the product processed from those imported inputs, this scheme appears to operate as a non-excessive duty drawback system and, hence, would not confer a countervailable subsidy. However, where the exporter of the processed product is not the importer and processor of the imported input, we cannot equate the scheme to a non-excessive duty drawback scheme. Instead, when the exporter and importer are different, the exporter receiving duty-free import rights is receiving a ''privilege'' which can be sold, and the importer purchasing that ''privilege'' is exempt from duties and is under no obligation to export.

Based on this analysis, we preliminarily determine that the granting of duty-free import rights confers a countervailable subsidy within the meaning of section 771(5) of the Act. In authorizing duty-free importation of inputs, the GOI is forgoing revenue that it is otherwise due. These authorizations are specific within the meaning of section 771(5A) because they are contingent upon exportation.

In analyzing the benefit arising from the authorization of transferable duty-free import rights, we have considered the nature of the financial contribution, *i.e.,* the forgoing of revenue by the GOI, and we preliminarily determine that the total benefit is equal to the duty savings. However, those savings are essentially shared between the producer that is able to import duty free and the exporter (Agritalia) that sells the privilege of importing duty free. Specifically, the benefit to the importer is the amount of the duty that would have been paid absent the duty-free import rights, less the amount that the importer paid for those rights, while the benefit to the exporter is the amount it receives from importer.

On this basis, we preliminarily determine the countervailable subsidy from the duty-free import rights to be 0.38 percent *ad valorem* for Agritalia. We do not have information identifying the companies that purchased the duty-free import rights for these preliminary results. We are seeking this information for the final results.

II. Programs Preliminarily Determined Not To Confer Countervailable Subsidies in the POR

1. 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.

It appears from DeCecco's response that the company applied a partial exemption it received under Law 449/97 to estimated IRPEG payments it made in 1999. The estimated payments would apply to tax year 1999, and the tax return for tax year 1999 would not be filed until 2000.

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. Since it appears that the partial exemption was applied towards estimated taxes in 1999 and that DeCecco's ultimate liability for tax year 1999 would not be known until 2000, we preliminarily determine that any benefit from the IRPEG exemption would not occur in this POR.

We are seeking further information from DeCecco to confirm our understanding that the partial exemption was applied to estimated IRPEG payments made during the POR for taxes that will ultimately be paid after the POR.

2. Remission of Taxes on Export Credit Insurance Under Article 33 of Law 227/77

The ''Special Section for Export Credit Insurance'' (''SACE'') insures and reinsures Italian companies with foreign operations for political, catastrophic, economic, commercial and exchange rate risks. Article 33 of Law 227/77 provides for the remission of insurance taxes on policies that are directly insured or reinsured with SACE.

In *Pasta Investigation*, the Department determined that the remission of this tax was a countervailable subsidy. To calculate the tax savings during the POI, the Department multiplied the premiums paid during the POI by the insurance tax rate (12.5 percent). This amount was then divided by exports to the United States to determine the *ad valorem* benefit.

Pallante reported that it insured shipments in years prior to the POR and received tax remissions in those years. However, it did not receive tax remissions in the POR. Therefore, we preliminarily determine that there was no benefit to Pallante during the POR.

3. ADAPT

DeCecco reported that it received a training grant during the POR aimed at enhancing its sales forces in Italy. According to DeCecco, the grant was made available under the European program ''ADAPT.'' The funding for this program comes in part from the EU's Social Fund and from the GOI. The GOI's Ministry of Labor administers these contributions on behalf of the EU.

DeCecco claims, and has provided supporting information, that assistance

under the ADAPT program is neither *de jure* nor *de facto* specific. According to DeCecco, the ADAPT Program is focused on small- and medium-sized companies, is widely available throughout the EU and has been widely used.

Based upon our review of the data provided by DeCecco regarding the ADAPT Program, it appears that this assistance differs from the European Social Fund worker training grants that we have countervailed in *Pasta Investigation* and subsequent reviews. In particular, the grants we have countervailed in the past have been given to support one or more of the specific objectives described in the ''European Social Fund'' section, above. In the case of the ADAPT program, it appears that the funding is not given under these specific objectives. Also, as DeCecco claims, the ADAPT program appears to be focused on the non-specific group of small and medium-sized enterprises (*see*, section 351.502(e)), and to be available to and used by companies across the EU.

Therefore, we preliminarily determine that the ADAPT Program does not confer a countervailable subsidy. For the final results, we intend to seek further information on the ADAPT Program from the EU and the GOI.

4. Law 1329/65 Interest Contributions (Sabatini Law)

The Sabatini Law was enacted to encourage the purchase of production equipment. It provides, *inter alia,* for one-time, lump-sum interest contributions from the Mediocredito Centrale on loans taken out to purchase production equipment. Pallante reported that it received interest contributions under the Sabatini Law prior to the POR.

In *Pasta Investigation*, the Department determined that the interest contributions to firms in Southern Italy confer countervailable subsidies. The Department also determined that companies were able to anticipate the interest contributions at the time the loans were taken out. Consequently, in accordance with sections 351.508(c)(2) and 351.505(c)(2) of the Department's regulations any benefit would be countervailed in the year of receipt.

Since Pallante received the interest contributions prior to the POR, we preliminarily determine that the Sabatini Law did not confer a benefit during the POR.

5. European Social Fund

The European Social Fund (''ESF''), one of the EU's structural funds, was created under Article 123 of the Treaty of Rome to improve employment opportunities for workers and to help raise their living standards. There are six different objectives identified for the structural funds: Objective 1 covers projects located in underdeveloped regions; Objective 2 addresses areas in industrial decline; Objective 3 relates to the employment of persons under the age of 25; Objective 4 funds training for employees in companies undergoing restructuring; Objective 5 pertains to agricultural areas; and Objective 6 applies to regions with very low population (*i.e.,* the far north).

In *Pasta Investigation*, the Department determined that ESF grants confer a countervailable subsidy within the meaning of section 771(5) of the Act.

DeMatteis reported that it received an ESF grant in 1995. DeMatteis states that its grant was a one-time measure that required a separate application and government approval, and, therefore, that its ESF grant should be treated as a non-recurring subsidy.

In accordance with section 351.524(b)(2) of the regulations, we divided the amount of the ESF grant by the value of DeMatteis' total sales in the year the grant was approved. On this basis, we preliminarily determine that the benefit from this grant is properly allocated to the year of receipt, 1995. Hence, there is no benefit to DeMatteis during the POR.

III. 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 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. European Agricultural Guidance and Guarantee Fund (''EAGGF'').

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, 1999 through December 31, 1999, 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 (percent)
Agritalia, S.r.L	2.94
F.lli De Cecco di Filippo Fara San Martino S.p.A	2.21
Delverde S.p.A	3.27
De Matteis Agroalimentare S.p.A	2.33
Pastificio Antonio Pallante S.r.L	4.10
Pastificio Maltagliati S.p.A	3.85
P.A.M. S.r.L.—Prodotti Alimentari Meridionali	1.08
Pastificio Riscossa F.lli Mastromauro S.r.L	1.13
N. Puglisi & F. Industria Paste Alimentari S.p.A	7.48
Rummo S.p.A. Molino e Pastaficio	1.26

We calculated the *ad valorem* rate for Agritalia, an export trading company, by weight averaging the subsidy rates for its two main suppliers of pasta for export to the United States and adding this amount to the subsidy rate calculated for Agritalia based on the subsidies it received directly. This is consistent with the calculation methodology used for Agritalia in *Pasta Investigation,* 61 FR 30288, 30309.

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, 1999 and

December 31, 1999 at the rates in effect at the time of entry. For those companies for which this review has been rescinded (Pastificio F.lli Pagani, Commercio-Rappresentanze-Export S.r.L., Tamma Industrie Alimentari di Capitanata. S.r.L., Molino e Pastificio, La Molisana Alimentari S.p.A., Arrighi S.p.A. Industrie Alimentari, Industria Alimentare Colavita, S.p.A., Isola del Grano S.r.L., Italpast S.p.A., Italpasta S.r.L., Labor S.r.L., Pastificio Guido Ferrara, Pastificio Campano, S.p.A., Indalco, Audisio Industrie Alimentari de Capitanata, S.p.A., and Pastificio Fabianelli, S.p.A., and Pastificio Di Martino Gaetano & F.lli s.r.l.), we will direct Customs to liquidate all entries between January 1, 1999 and December 31, 1999 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.

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 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)(1) of the Act.

Dated: July 4, 2001.

Faryar Shiryard,

Assistant Secretary for Import Administration.

[FR Doc. 01–19624 Filed 8–3–01; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[I.D. 050701A]

Small Takes of Marine Mammals Incidental to Specified Activities; Shallow-water Hazard Activities in the Beaufort Sea

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of issuance of an incidental harassment authorization.

SUMMARY: In accordance with provisions of the Marine Mammal Protection Act (MMPA) as amended, notification is hereby given that an Incidental Harassment Authorization (IHA) to take small numbers of bowhead whales and other marine mammals by harassment incidental to conducting shallow hazard surveys in the central and eastern Alaskan Beaufort Sea, has been issued to BP Exploration (Alaska), Inc; ExxonMobil Production Co, a division of Exxon Mobil Corporation; and Phillips Alaska, Inc. (BP/EM/PAI), working as members of a study team referred to in their application as the North American Natural Gas Pipeline Group, and now known as the Alaska Gas Producers Pipeline Team.

DATES: Effective July 23, 2001, through September 30, 2001.

ADDRESSES: The application, authorization, monitoring plan, Biological Opinion, and a list of references used in this document are available by writing to Donna Wieting, Chief, Marine Mammal Conservation Division, Office of Protected Resources, NMFS, 1315 East-West Highway, Silver Spring, MD 20910–3225, or by telephoning one of the contacts listed here.

FOR FURTHER INFORMATION CONTACT: Kenneth R. Hollingshead, (301) 713–2055, ext 128; Brad Smith, (907) 271–5006.

SUPPLEMENTARY INFORMATION:

Background

Sections 101(a)(5)(A) and (D) of the MMPA (16 U.S.C. 1361 *et seq.*) direct the Secretary of Commerce to allow, upon request, the incidental, but not intentional taking of small numbers of marine mammals by U.S. citizens who engage in a specified activity (other than commercial fishing) within a specified geographical region if certain findings are made and either regulations are issued or, if the taking is limited to harassment, notice of a proposed authorization is provided to the public for review.

Permission may be granted if NMFS finds that the taking will have no more than a negligible impact on the species or stock(s) and will not have an unmitigable adverse impact on the availability of the species or stock(s) for subsistence uses and that the permissible methods of taking and requirements pertaining to the monitoring and reporting of such taking are set forth.

On April 10, 1996 (61 FR 15884), NMFS published an interim rule establishing, among other things, procedures for issuing IHAs under section 101(a)(5)(D) of the MMPA for activities in Arctic waters. For additional information on the procedures to be followed for this authorization, please refer to that document.

Summary of Request

On March 20, 2001, NMFS received an application from BP/EM/PAI requesting an authorization for the harassment of small numbers of several species of marine mammals incidental to conducting shallow hazards surveys during the open water season in the Beaufort Sea between Prudhoe Bay, AK and the United States/Canadian border. Weather permitting, the survey is expected to take place between approximately July 20 and September 1, 2001. A more detailed description of the work proposed for 2001 is contained in the application (BP/EM/PAI, 2001) which is available upon request (see **ADDRESSES**).

BP/EM/PAI plan to conduct a nearshore shallow hazards survey along a proposed natural gas pipeline route in the central and eastern Alaskan Beaufort Sea during the 2001 open-water season. The primary purpose of the survey is to acquire detailed data on sea bottom and