Du Pont's argument that we should depart from the 20 percent rule is flawed in several respects. First, Du Pont calculated the ratio of the difmer adjustment to the total cost of production rather than to the total COM, thereby miscalculating the ratio. Second, we disagree with Du Pont's suggestion that we depart from our normal practice because the calculation is imprecise as a result of certain data allegedly missing from the U.S. sales listing. Ausimont provided the VCOM and COM of its wet raw polymer for the home market, and the market in which the product is sold does not change the VCOM or COM of the product. Therefore, although this information did not appear on Ausimont's U.S. sales listing, it was provided elsewhere in the questionnaire response.

Finally, when selecting similar merchandise sold in the home market we normally reject any comparisons in which the difference between the variable manufacturing costs of the U.S. and home market products exceeds 20 percent of the total manufacturing cost of the U.S. product. In such cases, as here, we normally use CV as the basis for FMV. We do not consider merchandise to be reasonably similar if the difmer adjustment is greater than 20 percent unless there is evidence indicating that it is appropriate to do so, and that there will not be unreasonable distortions if the comparisons are made. See Certain Stainless Steel Cooking Ware From the Republic of Korea; Final Results of the Antidumping Duty Administrative Review, 58 FR 9560, 9561 (February 22, 1993); Porcelain-on-Steel Cooking Ware From Mexico; Final Results of Antidumping Administrative Review, 58 FR 43327, 43328 (August 16, 1993); and Tapered Roller Bearings Four Inches or Less in Outside Diameter and Certain Components Thereof From Japan; Final Results of Antidumping Duty Order Administrative Review, 55 FR 38720, 38725 (September 20, 1990). In this case, petitioner has not provided evidence that would lead us to conclude that there would not be unreasonable distortions if we used price-based FMVs with difmer adjustments exceeding 20 percent. Accordingly, we did not make price to price comparisons where the difmer exceeded 20 percent.

While we found price-based FMVs for all U.S. sales of non-further manufactured resins, we compared U.S. sales of further manufactured resins to CV when there were no contemporaneous home market sales of PTFE reactor bead, the imported product from which granular PTFE resin is processed in the United States.

Final Results of the Review

We determine the following weighted-average dumping margin exists:

Manufacturer/exporter	Period	Margin (percent)
Ausimont S.p.A.	08/01/92–07/31/93	2.26

The Department shall determine, and the Customs Service shall assess, antidumping duties on all appropriate entries. Individual differences between U.S. price and FMV may vary from the percentage stated above. The Department will issue appraisement instructions on each exporter directly to the Customs Service.

Furthermore, the following deposit requirements will be effective for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date of these final results of administrative review, as provided by section 751(a)(1) of the Tariff Act: (1) The cash deposit rate for Ausimont will be 2.26 percent; (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the original less than fair value investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; (4) the cash deposit rate for all other manufacturers or exporters will be 46.46 percent for the reasons explained in Granular Polytetrafluoroethylene Resin From Italy; Preliminary Results of Antidumping Duty Administrative Review, 59 FR 51166 (October 7, 1994).

These deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

This notice serves as a final reminder to importers of their responsibility under 19 CFR 353.26 to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This notice also serves as a reminder to parties subject to administrative protective orders (APOs) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 353.34(d)(1). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 USC 1675(a)(1)) and 19 CFR 353.22.

Dated: September 29, 1995.

Paul L. Joffe,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 95–25754 Filed 10–16–95; 8:45 am]

BILLING CODE 3510–DS–P

[C–475–819]

Preliminary Affirmative Countervailing Duty Determination: Certain Pasta (''Pasta'') From Italy

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

EFFECTIVE DATE: October 17, 1995.

FOR FURTHER INFORMATION CONTACT: Jennifer Yeske, Vincent Kane, Todd Hansen, or Cynthia Thirumalai, Office of Countervailing Investigations, Import Administration, U.S. Department of Commerce, Room 3099, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482–0819, 482–2815, 482–1276, or 482–4087, respectively.

PRELIMINARY DETERMINATION: The Department preliminarily determines that countervailable subsidies are being provided to manufacturers, producers, or exporters of pasta in Italy. For information on the estimated countervailing duty rates, please see the *Suspension of Liquidation* section of this notice.

Case History

Since the publication of the notice of initiation in the Federal Register (60 FR 30280, June 8, 1995), the following events have occurred.

Because of the large number of pasta producers and exporters in Italy, we selected the five largest exporters to the United States as mandatory respondents. We identified those exporters using information provided to us by the Unione Industriali Pastai Italiani, an association of pasta producers in Italy, on June 9, 1995. One of the selected companies did not produce pasta but exported on behalf of several producers. We included those producers in the investigation and requested that they respond to our

questionnaire. The companies selected were Agritalia, S.r.l. (''Agritalia''), Arrighi S.p.A. Industrie Alimentari (''Arrighi''), Pastificio Campano, S.p.A. (''Campano''), F.lli De Cecco di Filippo Fara S. Martino S.p.A. (''De Cecco''), Delverde, S.r.l. (''Delverde''), De Matteis Agroalimentare S.p.A. (''De Matteis''), Italpast S.p.A. (''Italpast''), Labor S.r.l. (''Labor''), Pastificio Guido Ferrara (''Guido Ferrara''), and Pastificio Riscossa F.lli Mastromauro S.r.l. (''Riscossa''). Because of their association with two of the respondent companies, Delverde and De Matteis, we also asked Tamma Industrie Alementari (''TIA'') and Demaservice S.r.l. (''Demaservice''), respectively, to respond to the questionnaire.

On June 22, 1995, we issued countervailing duty questionnaires to the Government of Italy (''GOI''), the Commission of the European Union (''EU''), and the selected companies, concerning petitioners' allegations. We received responses to our questionnaire in July and August. Four additional companies also filed voluntary responses and we have included these companies in our analysis. The following companies are voluntary respondents in this investigation: Barilla G. e R. F.lli S.p.A. (''Barilla''), Industria Alimentare Colavita, S.p.A. (''Indalco''), Gruppo Agricoltura Sana S.r.L. (''Gruppo''), and Isola del Grano S.r.L. (''Isola''). We issued supplementary questionnaires to parties in August and September for which responses were received by early October.

On July 5, 1995, we postponed the preliminary determination in this investigation until October 10, 1995 (60 FR 35899).

Scope of Investigation

The product covered by this investigation is 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 investigation 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 investigation 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.

The merchandise under investigation is currently classifiable under subheading 1902.19.20 of the *Harmonized Tariff Schedule of the United States (HTS).* Although the *HTS* subheading is provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

On July 19, 1995, the Association of Food Industries (AFI) Pasta Group, a group of importers, requested that we expand the scope to cover all imports of non-egg dry pasta, irrespective of package size or channel of trade. On August 24, 1995, petitioners requested that we expand the scope to cover all imports of non-egg dry pasta for the retail and the food service markets. We have determined that the scope should not be expanded. According to the Department's past practice, products which were excluded at the petition stage are not generally added to the scope later in the investigatory process. In addition, expanding the scope would raise numerous issues such as industry support, and the lack of a preliminary injury determination by the U.S. International Trade Commission (''ITC'') concerning the expanded scope. For a discussion of this decision, *see* Memorandum to Susan G. Esserman, Assistant Secretary for Import Administration, dated September 10, 1995, on file in this case in the Central Records Unit.

On September 27, 1995, Spruce Foods, an importer of organic pasta from Italy, requested that organic pasta certified by the European Union under EEC Regulation 2092/91 be excluded from the scope of this investigation. Because this request was made so late, we are unable to consider it for purposes of this preliminary determination. However, we will address this issue in our final determination.

The 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 effective January 1, 1995 (the ''Act''). References to *Countervailing Duties: Notice of Proposed Rulemaking and Request for Public Comments*, 54 FR 23366 (May 31, 1989) (''Proposed Regulations''), which have been withdrawn, are provided solely for further explanation of the Department's countervailing duty practice.

Injury Test

Because Italy is a ''Subsidies Agreement Country'' within the meaning of section 701(b) of the Act, the ITC is required to determine whether imports of pasta from Italy materially injure, or threaten material injury to, a U.S. industry. On July 10, 1995, the ITC published its preliminary determination finding that there is a reasonable indication that an industry in the United States is being materially injured or threatened with material injury by reason of imports from Italy of the subject merchandise (60 FR 35563).

Petitioners

The petition in this investigation was filed by Borden, Inc., Hershey Foods Corp., and Gooch Foods, Inc.

Period of Investigation

The period for which we are measuring subsidies (the ''POI'') is calendar year 1994.

Subsidies Valuation Information

Benchmarks for Long-term Loans and Discount Rates: With the exception of Barilla, the companies under investigation did not take out any long-term, fixed-rate, lira-denominated loans or other debt obligations in any of the years in which grants were received or government loans under investigation were given. Therefore, we used the Bank of Italy reference rate, adjusted upward to reflect the mark-up an Italian bank would charge a corporate customer, as the benchmark interest rate for long-term loans and as the discount rate (see *Final Affirmative Countervailing Duty Determination: Small Diameter Circular Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe (''Seamless Pipe'') From Italy* (60 FR 31992, 31994–95, June 19, 1995)). We lacked the specific information needed to calculate the mark-up for years prior to 1986, so we applied an average of the mark-up for the years 1986 through 1994 to those earlier years.

In the case of Barilla, the company reported that it had secured fixed-rate obligations during two years of the relevant period. Therefore, in accordance with section 355.49(b)(2) of the Proposed Regulations, we used this company-specific benchmark as the discount rate for Barilla in those years.

Allocation Period: Non-recurring benefits are being allocated over a 12-year period, the average useful life of physically renewable assets in the food processing industry (as reported in the Internal Revenue Service Asset Depreciation Range System).

Benefits to Mills: Where respondents received subsidies specifically tied to related milling operations, we have not included those subsidies in our calculations. Semolina, a primary input in the manufacture of pasta, is a definable good with an established

market, and is thus considered an input into the manufacturing process for pasta, not an intermediate step in the manufacturing process. Petitioners have not made an upstream subsidy allegation in accordance with section 771A, which would be necessary for us to investigate subsidies to the production of semolina from durum wheat. Additionally, we determine that semolina, a processed agricultural product, fails to qualify as a raw agricultural product under section 771B.

Changes in Ownership

Based on the information provided in the responses, we have learned that one of the companies under investigation, Delverde, purchased another company's pasta factory. The selling company received non-recurring countervailable subsidies prior to Delverde's purchase of the factory. Delverde has provided sufficient information to calculate the amount of those prior subsidies that passed through to Delverde with the acquisition of the factory pursuant to the methodology followed by the Department in the Restructuring section of the General Issues Appendix in *Final Affirmative Countervailing Duty Determination: Certain Steel Products from Austria* (58 FR 37217, 37268–69, July 9, 1993) (''General Issues Appendix''). For purposes of the preliminary determination, we have followed the General Issues Appendix methodology. We note that aspects of the General Issues Appendix methodology are being reviewed by the Court of Appeals for the Federal Circuit (CAFC). We may re-examine whether the General Issues Appendix methodology is appropriate for Delverde's transaction in light of facts developed in the final investigation, ongoing litigation, and section 771(5)(F) of the Act.

We are also collecting further information on acquisitions by other responding companies and the subsidies received by the selling companies prior to the acquisitions.

Related Parties

In the present investigation, we have examined several affiliated companies (within the meaning of section 771(33) of the Act) whose relationship may be sufficient to warrant treatment as a single company with a combined rate. In the countervailing duty questionnaire, consistent with our past practice, the Department defined companies as sufficiently related where one company owns 20 percent or more of the other company, or where companies prepare consolidated financial statements. The Department also stated that companies may be considered sufficiently related where there are common directors or one company performs services for the other company. According to the questionnaire, such companies that produce the subject merchandise or that have engaged in certain financial transactions with the company under investigation are required to respond.

We have preliminarily determined that one respondent, Arrighi, is affiliated to another pasta producer on the basis of common third-party ownership. Because of the extent of common ownership, we find it appropriate to treat these two pasta producers as a single company. As a consequence, we would calculate a single countervailing duty rate for both companies by dividing their combined subsidy benefits by their combined sales. However, there has not been sufficient time to receive information regarding the subsidies received by the related company for use in the preliminary determination. Therefore, for purposes of the preliminary determination, we calculated a rate based on subsidies received by Arrighi only, and using only Arrighi's sales in the denominator.

Another respondent, De Matteis, has reported that it is related to another company, Demaservice, through common ownership. De Matteis states that Demaservice does not produce or sell the subject merchandise and that no financial transactions, as defined in the questionnaire, have occurred between these companies. Nevertheless, based on the information reported by De Matteis, Demaservice is deeply involved in the operations of De Matteis. Therefore, for purposes of the preliminary determination, we have determined that it is appropriate to treat these two companies as a single company. As a consequence, we would calculate a single countervailing duty rate for both companies by dividing their combined subsidy benefits by their combined sales. However, there has not been sufficient time to receive information regarding the subsidies received by the related company for use in the preliminary determination. Therefore, for purposes of the preliminary determination, we calculated a rate based on subsidies received by De Matteis only, and using only De Matteis' sales in the denominator.

Agritalia has also reported that it is related through common ownership to another company, Meridiana. Meridiana did not produce or sell the subject merchandise during the POI. Only limited transactions have occurred between Agritalia and Meridiana. Unlike Demaservice, which played an integral role in De Matteis' operation, Meridiana had only an ancillary role in Agritalia's operation. Therefore, we have preliminarily determined that these transactions are limited in extent and are not a likely vehicle for the transmittal of subsidies. Therefore, we have not treated these companies as a single company.

Finally, Delverde is part of a consolidated group, consisting of a parent company and two sister companies which produce pasta. Another company, TIA, holds less than a 20 percent ownership interest in the Delverde group, but shares a common director with Delverde and Delverde's parent. TIA's business is principally wheat milling but it also manufactures non-egg dry pasta. We have preliminarily determined that the relationship between Delverde and TIA warrants treating them as a single company. Although the evidence in the record does not show that their relationship provides a likely vehicle for the transmittal of subsidies, it does demonstrate the possibility that the two companies might shift exports between them in response to differing countervailing duty rates. Therefore, instead of giving these companies a combined rate as above, we have calculated a separate countervailing duty rate for each company and then weight-averaged these rates by each company's exports to the United States to calculate a single rate applicable to both companies.

Facts Available

Section 776(a)(2)(A) of the Act requires the Department to use the facts available if ''an interested party or any other person withholds information that has been requested by the administering authority or the Commission under this title.'' Two of the companies selected to provide responses in this investigation, Italpast and Labor, did not respond to our countervailing duty questionnaire. Section 776(b) of the Act provides that the administering authority may use an inference that is adverse to the interests of the non-responding party in selecting from among the facts otherwise available. Such adverse inference may include reliance on information derived from: (1) The petition, (2) a final determination in the investigation under this title, (3) any previous review under section 751 or determination under section 753 regarding the country under consideration, or (4) any other information placed in the record. Because petitioners did not include subsidy rates in the petition, we were unable to use the petition as a source for

facts available. Therefore, we have used the sum of the highest rates calculated for each program for respondent companies as the facts available for Italpast and Labor.

Based upon our analysis of the petition and the responses to our questionnaire, we determine the following:

Claims for ''Green Light'' Subsidy Treatment

Section 771(5B) of the Act describes subsidies that are noncountervailable, the so-called ''green light'' subsidies. Among these are subsidies to disadvantaged regions, as defined in section 771(5B)(C). The GOI has requested that the Department find the following subsidies to disadvantaged regions to be noncountervailable under section 771(5B)(C):

- ILOR and IRPEG Tax Exemptions under Decree 218 of 1978
- Industrial Development Grants under Law 64 of 1986
- Industrial Development Loans under Law 64 of 1986
- VAT Reductions on Capital Goods under Law 675 of 1977. Analysis

After World War II, the GOI recognized that the South lagged behind the rest of the country economically and established a number of programs to encourage industrial development in the South. Law 646 created the Fund for Southern Italy. Grants, interest contributions, and tax and social security reduction were provided for in this law.

In 1986, Law 64 created the Agency for the Promotion of Growth in Southern Italy. A total of 120,000 billion lira was allocated over the next nine years for development in the South. In 1988, after an investigation of Law 64 by the European Community (EC), the GOI barred four regions from receiving Law 64 benefits. After certain modifications, Law 64 was found to be compatible with the Treaty of Rome.

In 1992, the EC again investigated Law 64. As a result, Law 488 of 1992 was enacted to replace Law 64. The new law established a regional development policy for the entire country. As of August 21, 1992, applications under Law 64 were no longer accepted.

The programs for which the GOI has requested green light treatment all fall, directly or indirectly, under Law 64. The Industrial Development Grants and Loans were granted under Law 64. The VAT reductions under Law 675 were limited in 1986, by Law 64, to companies located in the South. Finally, the ILOR and IRPEG tax exemptions granted pursuant to Law 218/78 were extended by Law 64 through December 31, 1993.

We have preliminarily determined that it is appropriate to focus our green light analysis on the law(s) and programs that were in place at the time the assistance in question was granted. None of the companies being investigated has received benefits under Law 488. Therefore, we have limited our analysis to the above-named programs under Law 64.

We have preliminarily concluded that the information submitted by the GOI does not support the claim that these programs qualify as noncountervailable subsidies. For example, section 771(5B)(C) (i) and (iii) requires that regional subsidy programs be part of ''a generally applicable regional development policy.'' Yet Law 64 provides benefits solely to the South of Italy and there is no information regarding other laws (or provisions within Law 64) that make regional development a generally applicable policy across Italy. Also, section 771(5B)(C)(i)(II) and (ii) requires that economically disadvantaged regions be designated on the basis of neutral and objective criteria, which are clearly stated in the relevant statute, regulation or other official document and include a measure of per capita income or unemployment. No information has been provided to indicate that Law 64 or its implementing regulations met this standard. Therefore, for purposes of this preliminary determination we have not treated these programs as green light subsidies.

I. Programs Preliminarily Determined To Be Countervailable

A. Local Income Tax (''ILOR'') and Corporate Income Tax (''IRPEG'') Exemptions

Companies located in the Mezzogiorno may receive a complete exemption for a period of 10 years from the ILOR and the IRPEG on profits deriving from new plant and equipment or from plant expansion and improvement under Presidential Decree 218 of March 6, 1978. Prior to March 29, 1986, the IRPEG exemption applied to only 50 percent of profits deriving from new or expanded plant and equipment. Effective March 29, 1986, Law 64/86 granted a total exemption for the IRPEG, as well. In addition, otherwise non-qualifying profits which are reinvested in plant or equipment may receive an exemption from the ILOR for the year of reinvestment. Reinvested profits do not receive any exemption from the IRPEG. The provision for ILOR and IRPEG exemptions expired on December 31, 1993, but companies which were approved for the exemptions prior to this date may continue to benefit from the exemption until the expiration of the 10-year benefit period approved for each company.

We have determined that these tax exemptions are countervailable subsidies. They constitute subsidies within the meaning of section 771(5) of the Act, as the tax exemptions represent revenue foregone by the GOI and confer tax savings on the companies. Also, they are regionally specific within the meaning of section 771(5A) because they are limited to companies located in the Mezzogiorno. (As discussed above, the GOI has not demonstrated that the ILOR and IRPEG exemptions are entitled to noncountervailable status under section 771(5B)(C).)

Barilla, De Cecco, and Delverde claimed ILOR tax exemptions on tax returns filed during the POI.

To calculate the countervailable subsidy for each company, we divided the tax savings during the POI by the company's sales during the POI. On this basis, we determine the countervailable subsidy from this program to be 0.20 percent *ad valorem* for Barilla, 0.94 percent *ad valorem* for De Cecco, and 0.15 percent *ad valorem* for Delverde.

B. Industrial Development Grants Under Law 64/86

Law 64/86 provided for extraordinary intervention in favor of the Mezzogiorno, with the purpose of promoting industrial development in the region. 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.

In 1992, the Italian Parliament decided to abrogate Law 64. This decision became effective in 1993. Projects approved prior to 1993, however, were authorized to receive grant amounts after 1993.

Barilla, De Cecco, La Molisana, Delverde, TIA, and Riscossa received industrial development grants.

We preliminarily determine that these grants provide 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 grant. Also, these grants are regionally specific, within the meaning of section 771(5A). (As discussed above, the GOI has not

demonstrated that these grants are entitled to noncountervailable status under section 771(5B)(C).)

We have treated these grants as ''non-recurring'' grants based on the analysis set forth in the Allocation section of the General Issues Appendix. In accordance with our past practice, we have allocated those grants which exceeded 0.5 percent of a company's sales in the year of receipt over time. For Barilla, no grants exceeded 0.5 percent of Barilla's sales in the year of receipt. Accordingly, all of Barilla's grants were expenses. Barilla did not receive any grants during the POI. Therefore, Barilla had no benefit during the POI.

To calculate the countervailable subsidy, we used our standard grant methodology. We divided the benefit attributable to the POI for each company by that company's sales in the POI. On this basis, we determine the countervailable subsidy for this program to be 0.00 percent *ad valorem* for Barilla, 0.26 percent *ad valorem* for De Cecco, 0.35 percent *ad valorem* for La Molisana, 2.83 percent *ad valorem* for Delverde, 2.90 percent *ad valorem* for TIA, and 1.01 percent *ad valorem* for Riscossa.

C. Industrial Development Loans Under Law 64/86

Law 64/86 also provided for interest contributions on industrial development loans to companies located in the Mezzogiorno for constructing new plants or expanding or modernizing existing plants. The interest rate on these loans was set at the reference rate, with the GOI's interest contributions serving to reduce this rate. For the reasons discussed above, pasta companies were eligible for interest contributions to expand existing plants but not to establish new plants.

Barilla, De Cecco, Delverde, TIA and La Molisana received interest contributions on industrial development loans.

We have preliminarily determined that these interest contributions are countervailable subsidies within the meaning of section 771(5). 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, they are regionally specific within the meaning of sections 771(5A). (As discussed above, the GOI has not demonstrated that industrial development loans are entitled to noncountervailable status under section 771(5B)(C).)

Because the recipients of the interest contributions knew, prior to taking out the loans, that they would receive the interest contributions, we have allocated the benefit over the life of the loan for which the contribution was received. We divided the benefit attributable to the POI for each company by that company's sales. On this basis, we determine the countervailable subsidy for this program to be 0.08 percent *ad valorem* for Barilla, 0.44 percent *ad valorem* for De Cecco, 2.35 percent *ad valorem* for Delverde, 0.86 percent *ad valorem* for TIA, and 0.17 percent *ad valorem* for La Molisana.

D. Export Marketing Grants Under Law 304/90

To increase market share in non-EU markets, Law 304/90 provides grants to encourage enterprises operating in the food and agricultural sectors to carry out pilot projects aimed at developing links between Italian producers and foreign distributors in non-EU markets and improving the quality of services in those markets. Emphasis is placed on assisting small- and medium-sized producers.

We have determined that the export marketing grants under Law 304 provide countervailable subsidies within the meaning of section 771(5) of the Act. The grants are a direct transfer of funds from the GOI providing a benefit in the amount of the grant. The grants are also specific because their receipt is contingent upon export performance.

Delverde received a grant under this program for a market development project in the United States.

We have determined that Law 304 grants are ''non-recurring,'' because they are exceptional events rather than an ongoing occurrence. Each project funded by the a grant requires a separate application and approval, and the projects represent one-time events in that they involve an effort to establish warehouses, sales offices, and a selling network in new overseas markets. Therefore, we have treated the grant received under this program as ''non recurring'' based on the analysis set forth in the Allocation section of the General Issues Appendix. Further, we have determined that the grant exceeded 0.5 percent of Delverde's exports to the United States in the year it was received. Therefore, in accordance our past practice, we allocated the benefits of this grant over time.

To calculate the countervailable subsidy, we used our standard grant methodology. We divided the benefits attributable to the POI by the total value of Delverde's exports to the United States. On this basis, we determine the countervailable subsidy to be 0.19 percent *ad valorem* for Delverde.

E. Social Security Reductions and Exemptions

Pursuant to Law 1089 of October 25, 1986, companies located in the Mezzogiorno were granted a 10 percent reduction in social security contributions for all employees on the payroll as of September 1, 1968, as well as those hired thereafter. Subsequent laws authorized companies located in the Mezzogiorno to take additional reductions in social security contributions for employees hired during later periods, provided that the new hires represented a net increase in the employment level of the company. The additional reductions ranged from 10 to 20 percentage points. Further, for employees hired during the period July 1, 1976 to November 30, 1991, companies located in the Mezzogiorno were granted a full exemption from social security contributions for a period of 10 years, provided that employment levels showed an increase over a base period.

We determine that the social security reductions and exemptions are countervailable subsidies within the meaning of section 771(5). They represent revenue foregone by the GOI and they confer a benefit in the amount of the savings received by the companies. Also, they are specific within the meaning of section 771(5A) because they are limited to companies located in the Mezzogiorno.

Barilla, De Cecco, Delverde, TIA, La Molisana, Guido Ferrara, Campano, De Matteis, Riscossa, and Indalco received social security reductions and exemptions during the POI.

To calculate the countervailable subsidy, we have divided the total savings in social security contributions realized by each company by that company's sales during the same period. On this basis, we calculated the countervailable subsidy from this program to be 0.69 percent *ad valorem* for Barilla, 0.70 percent *ad valorem* for De Cecco, 0.45 percent *ad valorem* for TIA, 2.60 percent *ad valorem* for Delverde, 2.58 percent *ad valorem* for La Molisana, 0.98 percent *ad valorem* for Guido Ferrara, 1.77 percent *ad valorem* for Campano, 1.51 percent *ad valorem* for De Matteis, 0.78 percent *ad valorem* for Riscossa, and 1.17 percent *ad valorem* for Indalco.

Several companies reported that in addition to the social security tax relief described above, they received Social Security tax holidays under another program, called ''Fiscalizzazione'' The GOI has provided no information with

regard to these benefits. According to respondent companies, Fiscalizzazione is available to companies in both Northern and Southern Italy. However, the percentage of the tax reduction that may be taken in Southern Italy is greater.

We preliminarily determine that the Fiscalizzazione reductions are countervailable subsidies within the meaning of section 771(5) for companies with operations in Southern Italy. They represent revenue foregone by the GOI and confer a benefit in the amount of the greater savings accruing to the companies in Southern Italy. In addition, they are regionally specific within the meaning of section 771(5A).

The available information suggests that all companies with operations in Southern Italy which received the social security tax relief described above also received these Fiscalizzazione benefits. These companies include Barilla, Campano, De Cecco, De Matteis, Delverde, Guido Ferrara, Indalco, La Molisana, Riscossa, and TIA.

To calculate the countervailable subsidy, we have divided the additional savings in social security contributions realized by each company by that company's sales during the same period. We note that we do not have the information necessary to calculate individual rates for some of these companies. Therefore, we have calculated individual rates for those companies for which we have the information. We have applied a weighted average of these rates to the companies for which we do not have the necessary information. On this basis, we calculated the countervailable subsidy from this program to be 0.46% *ad valorem* for Barilla, 0.46% *ad valorem* for Campano, 0.34% *ad valorem* for De Cecco, 0.46% *ad valorem* for De Matteis, 0.73% *ad valorem* for Delverde, 0.46% *ad valorem* for Guido Ferrara, 0.06% *ad valorem* for Indalco, 0.46% *ad valorem* for La Molisana, 0.46% *ad valorem* for Riscossa, and 0.29% *ad valorem* for TIA.

F. Regional Development Grant

One respondent, Arrighi, claims to have received a grant in 1994 under the European Regional Development Fund (''ERDF''). However, the EU has claimed that no Italian pasta producers or exporters received money under the ERDF and that Arrighi is located in a region that would not be eligible for ERDF assistance. Moreover, our review of the supporting documentation supplied by Arrighi provides no indication that the ERDF was the source of the funds.

For purposes of the preliminary determination, we are not treating this as an ERDF grant. Consequently, we have not analyzed the information provided by the EU in support of its claim that the ERDF is a noncountervailable subsidy under section 771(5B)(C) of the Act. However, we intend to clarify the origin of the assistance reported by Arrighi so that we can analyze it fully for our final determination.

We are treating the assistance reported by Arrighi as a countervailable subsidy within the meaning of section 771(5) of the Act. The grant is a direct transfer of funds providing a benefit in the amount of the grant. Also, the available information indicates that the grant is regionally specific within the meaning of section 771(5A) of the Act.

We view this as a ''non-recurring'' grant based on the analysis set forth in the Allocation section of the General Issues Appendix. According to the information received, there is no indication that the grants are available on an ongoing basis, and separate government approval is required for each grant. However, we have determined that the grant was less than 0.5 percent of Arrighi's total pasta sales in the POI (excluding sales of pasta produced by other producers) which was the year of receipt of the grant. Therefore, in accordance with our past practice, we are allocating the full amount of the grant to the POI.

To calculate the countervailable subsidy, we divided the full amount of the grant by Arrighi's total pasta sales, excluding its sales of pasta from other producers. On this basis, we calculated the countervailable subsidy from this program to be 0.34 percent *ad valorem* for Arrighi.

G. Export Restitution Payments

Since 1962, the EU has operated a subsidy program which provides restitution payments to EU pasta exporters based on the durum wheat content of their exported pasta products.

Generally, under this program, a restitution payment is available to any EU pasta producer exporting pasta products, regardless of whether the EU pasta producer has purchased the durum wheat used in its pasta exports from within the EU or has imported it. The amount of the restitution payment is calculated by multiplying the prevailing restitution payment rate per 100 kilograms of durum wheat by the weight of the wheat, in kilograms, used to produce the exported pasta. The restitution payment rate itself is based on a levy that the EU imposes on imported durum wheat in order to bring the price of imported durum wheat up to the (typically higher) price level within the EU. Consequently, the amount of the restitution payment, in theory, should equal the difference between the EU's internal price for durum wheat and the world market price for durum wheat, as determined by the EU, exclusive of the levy. The restitution payment rate, like the levy on which it is based, is adjusted by the EU monthly.

The EU uses the restitution payment rate prevailing on the date of exportation of the pasta products to calculate the amount of the restitution payment.

Additionally, under this program, the EU permits a pasta exporter to purchase a certificate that locks in a restitution payment rate if the pasta exporter promises to export a certain amount of pasta by a certain date. The promised export date can be as much as 6 months later. Moreover, the pasta exporter is free to sell this certificate to another pasta exporter. The selling price is determined through negotiations between the seller and the purchaser and typically will be dependent on such factors as the amount of time left until the certificate expires, the purchaser's projected volume of exports, the restitution payment rate under the certificate, and the current and expected future restitution payment rates set by the EU. A pasta exporter that fails to use a certificate by the date set forth in the certificate must pay a penalty.

In 1987, the nature of this program changed with regard to exports to the United States as a result of a settlement reached by the United States and the EC. This settlement arose out of a GATT panel proceeding, brought by the United States, in which the panel ruled (in 1983) that the program violated the EC's GATT obligations and did not fall within the exception under Item (d) of the Illustrative List of Export Subsidies.

Under the settlement, the EC agreed to allow the importation of durum wheat from any non-EC country free of any levy under a system described in the settlement as ''Inward Processing Relief,'' or ''IPR.'' Under this system, the EC pasta producer would not receive a restitution payment when exporting to the United States pasta products containing durum wheat imported with IPR. Essentially, a restitution payment no longer was necessary because no levy had been paid upon importation in the first place.

As to pasta products containing EC durum wheat or durum wheat that had been imported without IPR, a restitution payment remained available for exports to the United States, except that the

restitution rate was reduced, originally by 27.5 percent and later by approximately 35 percent, from the normal level available for exports to all other countries.

As a further condition of the settlement, the EC agreed to attempt to balance its exports to the United States equally between pasta products containing durum wheat imported with IPR, on the one hand, and pasta products containing EC durum wheat or durum wheat imported without IPR, on the other hand. The goal was for 50 percent of the EC's pasta exports to the United States to contain durum wheat imported with IPR (for which the exporter had paid world market price, free of any levy, and had received no restitution payments), while the remaining 50 percent of the EC's pasta exports to the United States would contain EC durum wheat or durum wheat imported without IPR (for which the exporter could receive reduced restitution payments).

In all other respects, the program remained unchanged.

For purposes of this preliminary determination, we have concluded that the restitution payments made are countervailable subsidies within the meaning of section 771(5) of the Act. Each payment represents a direct transfer of funds from the EU providing a benefit in the amount of the payment. The restitution payments are specific because their receipt is contingent upon export performance.

Respondent firms in this investigation have argued that this program escapes countervailability because it falls within the exception under Item (d) of the Illustrative List of Export Subsidies, although the EU itself has not made this claim. Item (d) explains that one type of export subsidy is

> The provision by governments or their agencies either directly or indirectly through government-mandated schemes, of imported or domestic products or services for the use in the production of exported goods, on terms or conditions more favorable than for provision of like or directly competitive products or services for use in the production of goods for domestic consumption, *if* (*in case of products*) *such terms or conditions are more favorable than those commercially available on world markets to their exporters.*

Subsidies Agreement, Annex 1 (footnote omitted) (emphasis added). In a footnote, Item (d) defines the term ''commercially available'' as meaning ''the choice between domestic and imported products is unrestricted and depends only on commercial considerations.'' *Id.*, n.57.

We do not find that this program fits within the Item (d) exception because two features of the program render any comparison to the terms and conditions commercially available on world markets to EU exporters inapposite. The first feature is the ability to buy and sell certificates representing the right to a locked-in restitution payment rate. Here, it is possible for an EU exporter to realize a windfall by selling the certificate to another exporter rather than using it to export.

The other differentiating feature of the program that makes Item (d) inapplicable is that the actual restitution payment is based on the prevailing rate at the time of exportation rather than at the time of the purchase of the input, durum wheat, which was used to produce the exported pasta. It is possible that months or even a year or more may transpire between the time of the purchase of the input and the time when the restitution payment is set. As a result, with any fluctuation in the world market price commercially available to the EU exporter over this time period, the restitution payment will not equal (even in theory) the difference between the EU price for the input and the world market price commercially available to the EU exporter. In any given instance, therefore, depending on the direction of the price fluctuation, the restitution payment will either undercompensate or, more significantly, overcompensate the EU exporter within the meaning of Item (d).

We also note that, in any event, we could not find that this program fits within the Item (d) exception because neither the EU nor the respondent firms have produced the pricing and related information necessary for the Department to determine whether the program satisfies this exception.

As the United States Court of Appeals for the Federal Circuit explained in *Creswell Trading Co.* v. *United States,* 15 F.3d 1054, 1060 (Fed. Cir. 1994):

> [I]n the context of an Item (d) investigation, Commerce necessarily requires information that is within the knowledge and control of the government of the exporting country, its exporters, or both, which information Commerce cannot obtain independently * * *. Thus, it is only logical that some burden be placed on the government or exporter to come forward with such information * * *.
>
> To this end, we hold that the existence of a program wherein a government, or an agency thereof, delivers to an exporter products or services for use in the production of exported goods on terms and conditions more favorable than for delivery of like or directly competitive products or services for use in the production of goods for domestic consumption is, standing alone, presumptive evidence that the program also provides the products or services under investigation to that exporter on terms or conditions more favorable than the terms and conditions available on world markets. Commerce's initial burden of production is thus satisfied by way of this presumption. The burden of production accordingly shifts to the exporter to come forward with evidence that the services or products were not provided on terms or conditions more favorable than available on world markets.
>
> We do not hold that the ultimate burden of proof is shifted by this presumption. Rather, we merely hold that this presumption creates a prima facie case that shifts the burden of production to the exporter to come forward with sufficient evidence to rebut this presumption * * *. [If the exporter is able to rebut this presumption,] [t]he totality of evidence must then be weighed to determine whether a countervailable subsidy exists.

In this investigation, the Department has carried its initial burden of production because it can point to record evidence demonstrating the existence of the EU's export restitution program, which provides terms more favorable than those for domestic goods. This evidence, therefore, gives rise to a rebuttable presumption that the program is countervailable and places on the EU and the respondent firms the burden of producing sufficient evidence to rebut this presumption, which must be accomplished through the submission of the pricing and related information necessary for the Department to determine whether the program satisfies the exception under Item (d). Because neither the EU nor the respondent firms have produced this information, they have not rebutted the presumption that the EU's program is countervailable.

Arrighi, Delverde, TIA, La Molisana, Riscossa and Indalco realized benefits from this program during the POI.

Since pasta exporters are able to calculate the precise benefit from the restitution payments at the time of exportation, we have calculated the countervailable subsidy on an earned, rather than received, basis. (See *Final Affirmative Countervailing Duty Determination: Certain Steel Wire Nails from New Zealand,* 52 FR 37196, 37197, October 5, 1987). Hence, the export restitution payments earned during the POI are allocated solely to the POI.

To calculate the countervailable subsidy, we divided the export restitution payments earned during the POI on shipments to the United States by the company's total export sales to the United States during the POI. On this basis, we calculated a countervailable subsidy under this program of 0.62 percent *ad valorem* for Arrighi, 0.62 percent *ad valorem* for Del Verde, 0.05 percent *ad valorem* for TIA, 0.08 percent *ad valorem* for La

Molisana, 0.25 percent *ad valorem* for Riscossa and 0.21 percent *ad valorem* for Indalco.

II. Program Found To Be Not Countervailable Lump-Sum Interest Payment Under Law 1329/65 for Companies in Northern Italy

Law 1329 (the Sabatini Law) was enacted in 1965 to encourage the sale of machine tools and production machinery. It provides for a deferral of up to five years of payments due on installment contracts for the purchase of such equipment and for a one-time, lump-sum interest contribution from Mediocredito Centrale (''MCC'') toward the interest owed on these contracts. The amount of the interest contribution is equal to the present value of the difference between the payment stream over the life of the contract based on the reference rate and the payment stream over the life of the contract based on a concessionary rate. The concessionary rate for companies located in the Mezzogiorno is the reference rate less eight percentage points. The concessionary rate for companies located outside the Mezzogiorno is the reference rate less five percentage points.

No companies located in the Mezzogiorno had Law 1329 loans outstanding during the POI, which related to the subject merchandise.

Arrighi, which is located outside the Mezzogiorno, had Law 1329 loans outstanding during the POI. Isola, also a company in the north, had Law 1329 loans outstanding but we are awaiting more information on these loans.

For Arrighi's loans, we have analyzed whether the program is specific ''in law or in fact,'' within the meaning of section 771(5A)(D) (i) and (iii). Section 771(5A)(D)(iii) of the Act provides the following four factor to be examined with respect to *de facto* specificity: (1) The number of enterprises, industries or groups thereof which usually use a subsidy; (2) predominant use of a subsidy by an enterprise, industry, or group; (3) the receipt of disproportionately large amounts of a subsidy by an enterprise, industry, or group; and (4) the manner in which the authority providing a subsidy has exercised discretion in its decision to grant the subsidy.

Law 1329, which created the program, contains no limitations on the types of industries that can apply for assistance. Further, during the POI, assistance under the program was distributed over 19 sectors, representing a wide cross-section of the economy. On this basis, we concluded that the subsidy recipients were not limited to a specific industry or group of industries. We also examined evidence regarding the usage of this program and found no predominant use by the pasta industry. We next examined whether a disproportionately large share of benefits was granted to the pasta industry. We found that during the POI, benefits to the food processing industry, which includes the pasta industry, amounted to 7.1 percent of all benefits granted in that period. The shares of the 19 reported sectors ranged from 0.5 percent for sundry manufacturing to 18.2 percent for metal products, machines, and mechanical products. Considering the number and variety of sectors receiving benefits and the range of benefits over the various sectors, we do not consider the benefits received by the food processing sector to constitute a disproportionate share of the benefits distributed under this program. Given our findings that the number of users is large and that there is no dominant or disproportionate use of the program by the pasta producers, we do not reach the issue of whether administrators of the program exercised discretion in awarding benefits. Thus, for companies located outside the Mezzogiorno, we preliminarily determine that interest contributions under the Sabatini Law are not specific.

We note, however, that our practice in determining specificity is to examine the distribution of benefits in the year they were approved for the company under investigation and in each of the three previous years. Because this information was not available for the preliminary determination, we based our *de facto* analysis on information relating to the POI. For the final determination, we intend to gather information for the period 1988 through 1991.

III. Program for Which More Information Is Needed

A. Export Credit Insurance Under Law 227/77

The GOI reported that one company, La Molisana, obtained export credit insurance from a private insurer for a shipment to the United States and that the private insurer had, in turn, reinsured the export transaction with the GOI's Export Insurance Agency. The GOI further reported that its Export Insurance Agency had suffered substantial losses over the past five years.

For purposes of the final determination, we will be seeking more information and giving further consideration to whether a subsidy is being provided to La Molisana through its purchase of export insurance.

IV. Programs Preliminarily Determined To Be Not Used

The responses indicated that certain companies received assistance under the European Social Fund (''ESF'') and Italian Law 675/77. Specifically, worker training grants were reported under the ESF and VAT reductions under Law 675/77. We have determined that any payments received under these programs are ''recurring,'' as they are among the types of benefits the Department has identified as normally being expensed in the year of receipt. (See Allocation section of the General Issues Appendix.) Since no payments were received by any investigated companies under these programs during the POI, we are treating the programs as ''not used'' and, consequently, have not analyzed whether they confer countervailable subsidies.

Similarly, as discussed above, no companies located in the Mezzogiorno had loans under law 1329/65 outstanding during the POI. Therefore, we have not analyzed whether lump-sum interest payments on such loans confer countervailable subsidies on companies located in the Mezzogiorno.

Other programs that were not used were:

A. *Export Credits under Law 227/77*
B. *Capital Grants under Law 675/77*
C. *Retraining Grants under Law 675/77*
D. *Interest Contributions on Bank Loans under Law 675/77*
E. *Interest Grants Financed by IRI Bonds*
F. *Preferential Financing for Export Promotion under Law 394/81*

Verification

In accordance with section 782(i) of the Act, we will verify the information submitted by respondents prior to making our final determination.

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we have calculated an individual subsidy rate for each company investigated. For companies not investigated, we have determined an ''all others'' rate by weighting individual company subsidy rates by each company's exports of the subject merchandise to the United States, if available, or pasta exports to the United States. The all others rate does not include zero and *de minimis* rates or any rates based solely on the facts available.

In accordance with section 703(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of pasta from Italy which

are entered or withdrawn from warehouse, for consumption, on or after the date of the publication of this notice in the Federal Register, and to require a cash deposit or bond for such entries of the merchandise in the amounts indicated below. This suspension will remain in effect until further notice.

Company	Ad valorem rate
Arrighi	0.96 (*de minimis*)
Agritalia	2.41
Barilla	1.43
Campano	2.23
De Cecco	2.68
De Matteis	1.97
Demaservice*	1.97
Delverde*	9.20
Gruppo	0.00
Guido Ferrara	1.44
Indalco	1.44
Isola del Grano	0.00
Italpast	10.67
Labor	10.67
La Molisana	3.64
Riscossa	2.50
TIA*	9.20
All Others	4.08

* See *Related Parties* section for explanation of why the rates for Delverde and TIA and the rates for De Matteis and Demaservice are the same.

Since the estimated preliminary net countervailable subsidy rate for Arrighi, Gruppo, and Isola del Grano is either zero or *de minimis*, these companies will be excluded from the suspension of liquidation.

ITC Notification

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Investigations, Import Administration.

If our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

Public Comment

In accordance with 19 CFR 355.38, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on this preliminary determination. The hearing will be held on December 8, 1995, at the U.S. Department of Commerce, Room 3708, 14th Street and Constitution Avenue NW., Washington, DC 20230. Individuals who wish to request a hearing must submit a written request within 10 days of the publication of this notice in the Federal Register to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room B099, 14th Street and Constitution Avenue NW., Washington, DC 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Requests for a public hearing should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. In addition, 10 copies of the business proprietary version and five copies of the nonproprietary version of the case briefs must be submitted to the Assistant Secretary no later than December 1, 1995. Ten copies of the business proprietary version and five copies of the nonproprietary version of the rebuttal briefs must be submitted to the Assistant Secretary no later than December 6, 1995. An interested party may make an affirmative presentation only on arguments included in that party's case or rebuttal briefs. Written arguments should be submitted in accordance with 19 CFR 355.38 and will be considered if received within the time limits specified above.

This determination is published pursuant to section 703(f) of the Act.

Dated: October 10, 1995.

Susan G. Esserman,

Assistant Secretary for Import Administration.

[FR Doc. 95–25752 Filed 10–16–95; 8:45 am]

BILLING CODE 3510–DS–P

[C–489–806]

Preliminary Affirmative Countervailing Duty Determination: Certain Pasta (''Pasta'') From Turkey

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

EFFECTIVE DATE: October 17, 1995.

FOR FURTHER INFORMATION CONTACT: Elizabeth Graham or Kristin Mowry, Office of Countervailing Investigations, Import Administration, U.S. Department of Commerce, Room 3099, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482–4105 and 482–3798, respectively.

PRELIMINARY DETERMINATION: The Department preliminarily determines that countervailable subsidies are being provided to manufacturers, producers, or exporters of pasta in Turkey. For information on the countervailing duty rates, please see the *Suspension of Liquidation* section of this notice.

Case History

Since the publication of the notice of initiation in the Federal Register (60 FR 30280, June 8, 1995), the following events have occurred.

Based on volume and value information provided by the GOT on June 14, 1995, we selected as respondents in this investigation the four largest exporters to the United States. These companies are: Aytac Dis Ticaret (Aytac), Filiz Gida Sanayii ve Ticaret A.S. (Filiz), Makarnacilik ve Ticaret T.A.S. (Maktas), and Oba Makarnacilik Sanayi ve Ticaret (Oba). On June 22, 1995, we issued countervailing duty questionnaires to the Government of Turkey (''GOT'') and the above-named companies, concerning programs included in the initiation of this investigation. On August 21, 1995, Aytac, Filiz, and Maktas filed responses. Oba failed to respond to our questionnaire.

In its response, Aytac explained that it is in the meat packing business and is not a producer/exporter of pasta. During 1994, Maktas agreed to let Aytac act as the exporter of record for certain of Maktas' sales of pasta to the United States. However, Aytac transferred its rights to benefits with respect to those exports to Maktas. Based on this information, we have not calculated an individual countervailing duty rate for Aytac. If this company exports to the United States, it will be subject to the all others rate.

On August 28, 1995, the GOT responded to our questionnaire. We issued supplementary questionnaires to the respondent companies and the GOT in August and September. We received responses to the company and GOT supplementary questionnaires in September and October.

On July 5, 1995, we postponed the preliminary determination in this investigation until October 10, 1995 (60 FR 35899, July 12, 1995).

Scope of Investigation

The product covered by this investigation is certain non-egg dry pasta in packages of five pounds (or 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