preliminary results. Unless extended by the Department, case briefs are to be submitted within 30 days after the date of publication of this notice. Rebuttal briefs, limited to arguments raised in case briefs, may be submitted no later than five days after the time limit for filing case briefs. Parties who submit arguments in this proceeding are requested to submit with the argument: (1) A statement of the issues; (2) a brief summary of the argument; and (3) a table of authorities. *See* 19 CFR 351.309(c)(2). Case and rebuttal briefs must be served on interested parties in accordance with 19 CFR 351.303(f).

Also, pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing or to participate if one is requested must submit a written request to the Assistant Secretary for Import Administration within 30 days of the publication of this notice. Requests should contain (1) The party's name, address and telephone number; (2) the number of participants; and, (3) a list of issues to be raised. Issues raised in the hearing will be limited to those raised in the respective case briefs. Unless the Secretary specifies otherwise, the hearing, if requested, will be held two days after the date for submission of rebuttal briefs. Parties will be notified of the time and location.

The Department will publish the final results of this administrative review, including the results of its analysis of issues raised in any case brief, rebuttal brief, or hearing no later than 120 days after publication of these preliminary results, unless extended. See 751(a)(3)(A) of the Act and 19 CFR 351.213(h).

These preliminary results are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act, and 19 CFR 351.221(b)(4).

Dated: July 31, 2007.

Stephen J. Claeys,

Acting Assistant Secretary for Import Administration.

[FR Doc. E7–15215 Filed 8–3–07; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–475–819]

Certain Pasta from Italy: Preliminary Results of the Tenth Countervailing Duty Administrative Review

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

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, 2005, through December 31, 2005. We preliminarily find that Pastificio Antonio Pallante S.r.L. (''Pallante'') and De Matteis Agroalimetare S.p.A. (''De Matteis'') received countervailable subsidies in this review, and Atar S.r.L. (''Atar'') did not receive any countervailable subsidies in this review and its rate is, consequently, zero. *See* the ''Preliminary Results of Review'' section, below. Interested parties are invited to comment on these preliminary results. *See* the ''Public Comment'' section of this notice.

DATES: *Effective Date:* August 6, 2007.

FOR FURTHER INFORMATION CONTACT: Audrey Twyman or Brandon Farlander, AD/CVD Operations, Office 1, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–3534 and (202) 482–0182, respectively.

SUPPLEMENTARY INFORMATION:

Background

On July 24, 1996, the Department of Commerce (''the Department'') published a countervailing duty order on certain pasta (''pasta'' or ''subject merchandise'') from Italy. *See Notice of Countervailing Duty Order and Amended Final Affirmative Countervailing Duty Determination: Certain Pasta From Italy,* 61 FR 38544 (July 24, 1996) (''*Pasta Order*''). On July 3, 2006, the Department published a notice of ''Opportunity to Request Administrative Review'' of this countervailing duty order for calendar year 2005, the period of review (''POR''). *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review,* 71 FR 37890 (July 3, 2006). On July 31, 2006, we received a request for review from Atar and Pallante. On July 31, 2006, we received a request for review for De Matteis on behalf of New World Pasta Company, American Italian Pasta Company, and Dakota Growers Pasta Company (''petitioners''). In accordance with 19 CFR 351.221(c)(1)(i), we published a notice of initiation of the review on August 30, 2006. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part,* 70 FR 51573 (August 30, 2006).

On August 31, 2006, we issued countervailing duty questionnaires to the Commission of the European Union, the Government of Italy (''GOI''), Pallante, De Matteis, and Atar. We received responses to our questionnaire in October and November 2006. We issued supplemental questionnaires to the respondents in November 2006, and we received responses to our supplemental questionnaires in December 2006 and January 2007. In November 2006, we also requested that Agritalia S.r.L. (''Agritalia'') provide a full questionnaire response because of its status as a trading company for Italian pasta producers participating in this review. We received Agritalia's questionnaire response in January 2007. On March 2, 2007, we sent out supplemental questionnaires to Agritalia, De Matteis and the GOI. We received responses on April 11, 2007. We sent out additional supplemental questionnaires to Agritalia, De Matteis, Atar, Pallante, and the GOI on May 11, 2007, and received responses in May and June 2007. We sent out additional supplemental questionnaires to De Matteis, Agritalia, and Pallante on June 19, 2007, and received responses on July 5, 2007.

In accordance with 19 CFR 351.213(b), this review covers only those producers or exporters for which a review was specifically requested. The companies subject to this review are De Matteis, Atar, and Pallante.

Period of Review

The POR for which we are measuring subsidies is January 1, 2005, through December 31, 2005.

Scope of the Order

Imports covered by the order are shipments of certain non-egg dry pasta in packages of five pounds four ounces or less, whether or not enriched or fortified or containing milk or other optional ingredients such as chopped vegetables, vegetable purees, milk, gluten, diastasis, 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 the order 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 Instituto Mediterraneo Di Certificazione, Bioagricoop S.r.l., QC&I International Services, Ecocert Italia, Consorzio per il Controllo dei Prodotti Biologici, Associazione Italiana per l'Agricoltura Biologica, or Codex S.r.l. In addition, based on publicly available information,

the Department has determined that, as of August 4, 2004, imports of organic pasta from Italy that are accompanied by the appropriate certificate issued by Bioagricert S.r.l. are also excluded from this order. *See* memorandum from Eric B. Greynolds to Melissa G. Skinner, dated August 4, 2004, which is on file in the Department's Central Records Unit (''CRU'') in Room B–099 of the main Department building. In addition, based on publicly available information, the Department has determined that, as of March 13, 2003, imports of organic pasta from Italy that are accompanied by the appropriate certificate issued by Instituto per la Certificazione Etica e Ambientale (ICEA) are also excluded from this order. *See* memorandum from Audrey Twyman to Susan Kuhbach, dated February 28, 2006, entitled ''Recognition of Instituto per la Certificazione Etica e Ambientale (ICEA) as a Public Authority for Certifying Organic Pasta from Italy'' which is on file in the Department's Central Records Unit (''CRU'') in Room B–099 of the main Department building.

The merchandise subject to review is currently classifiable under items 1901.90.9095 and 1902.19.20 of the *Harmonized Tariff Schedule of the United States* (''*HTSUS*''). Although the *HTSUS* subheadings are 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 antidumping and countervailing duty orders. *See* Memorandum from Edward Easton to Richard Moreland, dated August 25, 1997, which is on file in the CRU.

(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 antidumping and countervailing duty orders. *See* Letter from Susan H. Kuhbach to Barbara P. Sidari, dated July 30, 1998, which is available 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 is within the scope of the antidumping and countervailing duty orders. 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 antidumping and countervailing duty orders. *See* Memorandum from John Brinkmann to Richard Moreland, dated May 24, 1999, which is available in the CRU.

(4) On April 27, 2000, the Department self-initiated an anti-circumvention inquiry to determine whether Pastificio Fratelli Pagani S.p.A.'s importation of pasta in bulk and subsequent repackaging in the United States into packages of five pounds or less constitutes circumvention with respect to the antidumping and countervailing duty orders on pasta from Italy pursuant to section 781(a) of the Act and 19 CFR 351.225(b). *See Certain Pasta from Italy: Notice of Initiation of Anti-Circumvention Inquiry of the Antidumping and Countervailing Duty Orders,* 65 FR 26179 (May 5, 2000). On September 19, 2003, we published an affirmative finding of the anti-circumvention inquiry. *See Anti-Circumvention Inquiry of the Antidumping and Countervailing Duty Orders on Certain Pasta from Italy: Affirmative Final Determinations of Circumvention of Antidumping and Countervailing Duty Orders,* 68 FR 54888 (September 19, 2003).

Subsidies Valuation Information

Allocation Period

Pursuant to 19 CFR 351.524(b), non-recurring subsidies are allocated over a period corresponding to the average useful life (''AUL'') of the renewable physical assets used to produce the subject merchandise. The Department's regulations create a rebuttable presumption that the AUL will be taken from the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System (''IRS Tables''). *See* 19 CFR 351.524(d)(2). For pasta, the IRS Tables prescribe an AUL of 12 years. None of the responding companies or interested parties objected to this allocation period. Therefore, we have used the 12-year allocation period for all respondents.

Attribution of Subsidies

Pursuant to 19 CFR 351.525(b)(6), the Department will attribute subsidies received by certain companies to the combined sales of those companies. Based on our review of the responses, we preliminarily find that ''cross-ownership'' exists with respect to certain companies, as described below, and we have attributed subsidies accordingly:

Pallante: Pallante has reported that it is affiliated with Vitelli Foods LLC (''Vitelli''), which is a U.S. importer of subject merchandise and other products from Italy and other countries. *See* Pallante's questionnaire response at pages 1–2 (October 31, 2006). Pallante also explained that until April 2003 it was affiliated with Industrie Alimentare Molisane (''IAM''), another Italian pasta producer, but that the affiliation has ended and they were not affiliated during the POR. *See* Pallante's questionnaire response at pages 2–4 (October 31, 2006). Because IAM is no longer cross-owned with Pallante, and because Vitelli is located in the United States, we are attributing Pallante's subsidies to the sales of Pallante only.

De Matteis: De Matteis has reported that it is affiliated with De Matteis Construzioni S.r.L. (''Construzioni'') by virtue of being 100 percent owned by Construzioni. *See* De Matteis' questionnaire response at pages 2–3 (October 31, 2007). In the *Fourth Administrative Review* [1] De Matteis had another affiliate, Demaservice S.r.l. De Matteis reported that Demaservice S.r.l. is no longer in existence as of December 21, 2001. *See* De Matteis' January 16, 2006, first supplemental questionnaire response at pages 16–17. De Matteis has reported that Construzioni did not receive any subsidies during the POR or AUL period. *See* De Matteis' Second Supplemental Response at 1 (April 13, 2007). Therefore, we are attributing De Matteis' subsidies to its sales only.

Atar: Atar has reported that it has no affiliates or cross-ownership. Thus, we are attributing any subsidies received to Atar's sales only.

Discount Rates

Pursuant to 19 CFR 351.524(d)(3)(i)(B), we used the national average cost of long-term, fixed-rate loans as a discount rate for allocating non-recurring benefits over time because no company for which we need such discount rates took out any loans in the years in which the government agreed to provide the subsidies in question. Consistent with past practice in this proceeding, for years prior to 1995, we used the Bank of Italy reference rate adjusted upward to reflect the mark-up an Italian commercial bank

[1] *See Certain Pasta from Italy: Preliminary Results and Partial Rescission of Countervailing Duty Administrative Review,* 66 FR 40987 (August 6, 2001) (''*Fourth Administrative Review*''); (unchanged in Final Results) *Certain Pasta From Italy: Final Results of the Fourth Countervailing Duty Administrative Review,* 66 FR 64214 (December 12, 2001).

would charge a corporate customer. *See, e.g., Certain Pasta from Italy: Preliminary Results and Partial Recision of the Eighth Countervailing Duty Administrative Review,* 70 FR 17971 (April 8, 2005) (decision unchanged in the final results, *Certain Pasta from Italy: Final Results of the Eighth Countervailing Duty Administrative Review,* 70 FR 37084 (June 28, 2005)). For benefits received in 1995–2004, we used the Italian Bankers' Association prime interest rate (as reported by the Bank of Italy), increased by the average spread charged by banks on loans to commercial customers plus an amount for bank charges. The Bank of Italy ceased reporting this rate in 2004. Because the ABI prime rate was no longer reported after 2004, for these preliminary results, for 2005 we have used the ''Bank Interest Rates on Euro Loans: Outstanding Amounts, Non-Financial Corporations, Loans With Original Maturity More Than Five Years'' published by the Bank of Italy and provided by the Government of Italy in their October 24, 2006, Questionnaire Response at Exhibit 9. To this rate we made the adjustments described above. *See* Memorandum to the File, ''Calculations for the Preliminary Results for De Matteis Agroalimentare S.p.A.'' (July 31, 2007) (''De Matteis Calc Memo'').

Analysis of Programs

I. Program Preliminarily Determined to be Countervailable

A. Industrial Development Grants Under Law 64/86

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.

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.

DeMatteis and Pallante received grants under Law 64/86 which conferred a benefit during the POR.

In the *Pasta Investigation,* the Department determined that these grants confer a countervailable subsidy within the meaning of section 771(5) of the Act. *See Final Affirmative Countervailing Duty Determination: Certain Pasta (''Pasta'') from Italy,* 61 FR 30288 (June 14, 1996) (''*Pasta Investigation*''). 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 the *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. We have followed the methodology described in 19 CFR 351.524(b)(2) 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 determined that the grants received by De Matteis and Pallante under law 64/86 exceeded 0.5 percent of their sales in the year in which the grants were approved, as was done in the *Fourth Administrative Review.*

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 in the POR.

On this basis, we preliminarily determine the countervailable subsidy from the Law 64/86 industrial development grants to be 0.07 percent *ad valorem* for DeMatteis, and 0.28 percent *ad valorem* for Pallante. *See* De Matteis Calc Memo; Memorandum to the File, ''Calculations for the Preliminary Results for Pastificio Antonio Pallante S.r.L.'' (July 31, 2007) (''Pallante Calc Memo'').

B. Industrial Development Grants Under Law 488/92

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 (underdeveloped regions), Objective 2 (declining industrial regions), or Objective 5(b) (declining agricultural regions) areas by the EU. 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.

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.

DeMatteis and Pallante received grants under Law 488/92 which conferred a benefit during the POR.

Industrial development grants under Law 488/92 were found countervailable in the *Second Administrative Review*[2]. 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 the *Second Administrative Review,* 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. In accordance with section 351.524(b)(2) of the regulations, we determined that the grants received by De Matteis and Pallante under law 488/92 exceeded 0.5 percent of their sales in the year in which the grants were approved, as was the case in the *Fourth Administrative Review.*

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

[2] *See Certain Pasta From Italy: Preliminary Results of Countervailing Duty Administrative Review,* 64 FR 17618 (April 12, 1999) (''*Second Administrative Review*''); (unchanged in Final Results) *Certain Pasta From Italy: Final Results of Second Countervailing Duty Administrative Review,* 64 FR 44489 (August 16, 1999).

time. We divided the benefits received by Pallante in the POR by its total sales in the POR, and the benefits received by De Matteis in the POR by its sales of subject merchandise in the POR.

On this basis, we preliminarily determine the countervailable subsidy from the Law 488/92 industrial development grants to be 0.81 percent *ad valorem* for DeMatteis and 0.61 percent *ad valorem* for Pallante. *See* De Matteis Calc Memo and Pallante Calc Memo.

C. European Regional Development Fund (''ERDF'') Programma Operativo Plurifondo (P.O.P.) Grant

The ERDF is one 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 received a P.O.P. Grant from the Regione Campania in 1998. *See Fourth Administrative Review.* The P.O.P. Grants were funded by the European Union, the GOI and the Regione Campania.

In the *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 the *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 grant received by De Matteis exceeded 0.5 percent of its sales in the year in which the grant was approved, as was the case in the *Fourth Administrative Review.*

We used the grant methodology described in section 351.524(d) of the regulations to calculate the countervailable benefit. We divided the benefit received De Matteis in the POR by its total sales in the POR.

On this basis, we preliminarily determine the countervailable subsidy from the ERDF grant to be 0.06 percent *ad valorem* for DeMatteis. *See* De Matteis Calc Memo.

D. Social Security Reductions and Exemptions—Sgravi

Italian law allows companies, particularly those located in the *Mezzogiorno* region (southern Italy), to use a variety of exemptions from and reductions (sgravi) of 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. We have found in past segments of this proceeding that 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.

In the *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)(D)(iv) of the Act because they were limited to companies in the *Mezzogiorno* or because the higher levels of benefits were limited to companies in the *Mezzogiorno.*

In the instant review, no party in this proceeding challenged our past determinations in the *Pasta Investigation* and subsequent reviews that sgravi benefits were countervailable for companies located within the *Mezzogiorno* region. Additionally, no new information or evidence of changed circumstances was received that would warrant reconsideration of these past determinations.

The laws identified as having provided countervailable sgravi benefits during the POR are the following: Law 407/90 (De Matteis and Pallante), 196/97 (De Matteis), 223/91 Article 8 Paragraph 2 (Pallante), and Law 223/91 Article 25 Paragraph 9 (Pallante). All of these companies are located in the *Mezzogiorno* region of Italy and, therefore, the programs provide countervailable subsidies to these companies.

1. *Law 407/90*

Law 407/90 grants a two-year exemption from social security taxes when a company hires a worker who has been previously unemployed for a period of two years. A 100 percent exemption is allowed for companies in southern Italy. However, companies located in northern Italy receive only a 50 percent exemption.

In accordance with section 351.524(c) of the Department's regulations and consistent with our methodology in the *Pasta Investigation* and in reviews subsequent to the *Pasta Investigation,* we have treated social security reductions and exemptions as recurring benefits. To calculate the countervailable subsidy, we divided De Matteis's and Pallante's savings in social security contributions during the POR by their total sales in the POR. On this basis, we preliminarily determine the countervailable subsidy from the sgravi program to be 0.04 percent *ad valorem* for De Matteis and 0.03 percent *ad valorem* for Pallante. *See* De Matteis Calc Memo and Pallante Calc Memo.

2. *Law 196/97*

Law 196/97 allows for a reduction or exemption from social security contributions for workers between the ages of 16 and 32 hired under labor or training contacts. Reductions range from 25 percent to 100 percent depending on the location. The newly hired worker(s) must increase the company's total work force or the worker must be 29 years old or younger. For newly hired workers under a temporary contract, employers are exempt from paying a social security contribution for up to 2 years. If workers are then switched to a permanent contract, the exemption may apply for another 12 months. These benefits will only apply if the worker who is switched from a temporary to a permanent contract increases the number of employees in the enterprise.

In accordance with section 351.524(c) of the Department's regulations and consistent with our methodology in the *Pasta Investigation* and in reviews subsequent to the *Pasta Investigation,* we have treated social security reductions and exemptions as recurring benefits. To calculate the countervailable subsidy, we divided De Matteis's savings in social security contributions during the POR by its total sales in the POR. On this basis, we preliminarily determine the countervailable subsidy from the *sgravi* program to be 0.04 percent *ad valorem*

for De Matteis. *See* De Matteis Calc Memo.

3. *Law 223/91 Article 8, Paragraph 2*

Law 223/91, Article 8, Paragraph 2 is intended to encourage the hiring of laid off workers or mobility-listed people. Companies who hire unemployed people are allowed to pay lower social security taxes for up to a maximum of 18 months for employees hired under a long-term contract with no expiration date. If an employee is hired for a short-term contract, then the benefit will last as long as the contract. If the short-term contract is renewed, the benefit can be used for an additional 12 months. In the seventh review preliminary results we stated that record information for law 223/91 shows that this law is regionally specific within the meaning of section 771(5A)(D)(iv) of the Act because the higher levels of benefits were limited to companies in the *Mezzogiorno* and to handicraft enterprises. *See Certain Pasta from Italy: Preliminary Results and Partial Rescission of the Seventh Countervailing Duty Administrative Review,* 69 FR 45676, 45683 (July 30, 2004); (unchanged in Final Results) *Certain Pasta from Italy: Final Results of the Seventh Countervailing Duty Administrative Review,* 69 FR 70657 (December 7, 2004).

In accordance with section 351.524(c) of the Department's regulations and consistent with our methodology in the *Pasta Investigation* and in reviews subsequent to the *Pasta Investigation,* 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 its total sales in the POR. On this basis, we preliminarily determine the countervailable subsidy from the *sgravi* program to be 0.05 percent *ad valorem* for Pallante. *See* Pallante Calc Memo.

4. *Law 223/91 Article 8, Paragraph 4*

Law 223/91, Article 8, Paragraph 4 is intended to encourage the hiring of mobility-listed people. Companies who hire unemployed people on a permanent and full time contract are granted a credit of 50 percent of what the employee would have received in unemployment benefits.

In the 7th Administrative Review results we stated that record information for law 223/91 shows that this law is regionally specific within the meaning of section 771(5A)(D)(iv) of the Act because the higher levels of benefits were limited to companies in the *Mezzogiorno* and to handicraft enterprises. *See Certain Pasta from Italy: Preliminary Results and Partial Rescission of the Seventh Countervailing Duty Administrative Review,* 69 FR 45676, 45683 (July 30, 2004); (unchanged in Final Results) *Certain Pasta from Italy: Final Results of the Seventh Countervailing Duty Administrative Review,* 69 FR 70657 (December 7, 2004).

In accordance with section 351.524(c) of the Department's regulations and consistent with our methodology in the *Pasta Investigation* and in reviews subsequent to the *Pasta Investigation,* we have treated social security reductions and exemptions as recurring benefits. To calculate the countervailable subsidy, we divided Pallante's savings in social security contributions during the POR by its total sales in the POR. On this basis, we preliminarily determine the countervailable subsidy from the sgravi program to be 0.01 percent *ad valorem* for Pallante. *See* Pallante Calc Memo.

E. Law 289/02

1. Article 62—Investments in Disadvantaged Areas

We preliminarily find that Article 62 of Law 289/02 is a credit towards taxes payable. The law was established to promote investment in disadvantaged areas by providing a tax credit to companies that make investments such as the purchase of new equipment for existing structures, or the building of new structures. *See* the GOI's Second Supplemental Response at 3–4 and Annex 1, 2, 5, and 6 (April 13, 2007).

We preliminarily determine that Article 62 of Law 289/02 confers a countervailable subsidy in the form of a financial contribution within the meaning of section 771(5)(D)(ii) of the Act because it represents revenue foregone by the GOI. A benefit is conferred in the amount of the tax savings received by the companies per section 771(5)(E)(iv) of the Act. Also, the program is specific within the meaning of 751(5A)(D)(iv) of the Act because it is limited to certain geographical regions in Italy, specifically, the regions of Calabria, Campania, Basilicata, Pugilia, Sicilia, and Sardegna, and certain municipalities in the Abruzzo and Molise region, and certain municipalities in central and northern Italy. *See* GOI Third Supplemental Response at 3 and Annex 1 and 2, (May 25, 2007).

De Matteis is located in Campania, therefore, it could take advantage of this program. De Matteis explained that it received the benefit for the construction of a new semolina milling facility, including wheat silos, by-product storage silos, semolina silos, and milling equipment. *See* De Matteis' Second Supplemental Response at 2 (April 13, 2007). The Department is treating this program as a credit towards taxes payable per 19 CFR 351.509. Normally, the Department will allocate the benefit of a tax exemption to the year in which the benefit is considered to have been received per 19 CFR 351.509(c), treating the benefit as recurring per 19 CFR 351.524(c). However, the Department may find a benefit to be non-recurring by considering the criteria in 19 CFR 351.524(c)(2)(i)–(iii). In this case, the tax program is exceptional because it was only available for a limited period of time, and was dependent upon companies making specific investments. Further, the subsidy required the government of Italy's express authorization, and the subsidy was tied to capital assets of the firm.

In accordance with section 351.524(b)(2) of the regulations, we determined that the tax credit received by De Matteis exceeded 0.5 percent of its sales in the year in which the tax credit was approved. We used the non-recurring benefit calculation described in 19 CFR 351.524(d) of the regulations to calculate the countervailable benefit. We divided the benefit received by De Matteis in the POR by its total sales in the POR. On this basis, we preliminarily determine the countervailable subsidy from Law 289/02 Article 62 to be 0.35 percent *ad valorem* for De Matteis. *See* De Matteis Calc Memo.

Pallante is located in Campania and, therefore, it could also take advantage of this program. In accordance with section 351.524(b)(2) of the regulations, we determined that the tax credit received by Pallante exceeded 0.5 percent of its sales in the year in which the tax credit was approved. We used the non-recurring benefit calculation described in 19 CFR 351.524(d) of the regulations to calculate the countervailable benefit. We divided the benefit received by Pallante in the POR by its total sales in the POR. On this basis, we preliminarily determine the countervailable subsidy from Law 289/02 Article 62 to be 1.04 percent *ad valorem* for Pallante. *See* Pallante Calc Memo.

2. Article 63—Increase in Employment

We preliminarily find that Article 63 of Law 289/02 is a credit towards taxes payable. The law was established to promote employment by providing a tax credit to companies that hire new employees. The tax credit is 100 euros for a new hire for any company in Italy. If the employee is over 45 the amount

increases to 150 euros. An additional 300 euros will be granted if the company is located in certain regions of Italy. *See* GOI Second Supplemental Response at 3–4 and Annex 3, 4, 7, and 8 (April 13, 2007).

We preliminarily determine that Article 63 of Law 289/02 confers a countervailable subsidy in the form of a financial contribution within the meaning of section 771(5)(D)(ii) of the Act because it represents revenue foregone by the GOI. A benefit is conferred in the amount of the tax savings received by the companies per section 771(5)(E)(iv) of the Act. The program is specific within the meaning of 751(5A)(D)(iv) of the Act because the greater benefit amount is limited to certain geographical regions in Italy, specifically, Campania, Basilicata, Puglia, Calabria, Sicilia, Sardegna, Abruzzo, Molise, and the municipalities of Tivoli, Formia, Sora, Cassino, Frosnone, Viterbo, and Massa. *See* GOI Third Supplemental Response at 3–4 (May 25, 2007). However, if a company is located outside the higher subsidy area, then the program is not countervailable because it is not specific.

De Matteis is located in Campania and, therefore, it could take advantage of the higher subsidy rate. The Department is treating this program as a credit towards taxes payable per 19 CFR 351.509. Normally, the Department will allocate the benefit of a credit towards taxes payable to the year in which the benefit is considered to have been received per 19 CFR 351.509. ''The Secretary normally will consider the benefit as having been received on the date on which the recipient firm would otherwise have had to pay the taxes associated with the exemption or remission. Normally, this date will be the date on which the firm filed its tax return.'' *See* 19 CFR 351.509(b). In expensing the complete benefit in one year, the Department is considering this program as recurring per 19 CFR 351.524(c) which states that ''{t}he Secretary normally will treat the following types of subsidies as providing recurring benefits: Direct tax exemptions and deductions; * * *'' To calculate the countervailable subsidy, we divided De Matteis' tax credit used on the tax return filed during the POR by its total sales in the POR. On this basis, we preliminarily determine the countervailable subsidy from Law 289/02 Article 63 to be 0.03 percent *ad valorem* for De Matteis. *See* De Matteis Calc Memo.

F. Law 662/96

The GOI describes the Patti Territoriali grant (Law 662/96 Article 2, Paragraph 203, Letter d) as provided to companies for entrepreneurial initiatives such as new plants, additions, modernization, restructuring, conversion, reactivation, or transfer. Companies that can apply for the grants must be involved in mining, manufacturing, production of thermal or electric power from biomasses, service companies, tourist companies, agricultural, maritime and salt-water fishing businesses, aquaculture enterprises, or their associations. The Patti Territoriali provides grants to companies located within regions which meet the criteria of Objective 1 or Objective 2 under the Structural Funds or article 87.3.c of the Treaty of Rome. *See* the GOI's Second Supplemental Response at 4–5 and Annex 9–13 (April 13, 2007).

The GOI has stated that De Matteis received disbursements from the Patti Territoriali in 2000 and 2004 from a grant approved on January 29, 1999.

The Department preliminarily determines that the Patti Territoriali grant confers a countervailable subsidy within the meaning of section 771(5)(D)(i) of the Act because it is a direct transfer of funds. A benefit is conferred in the full amount of the grant. Further, the grant is regionally specific within the meaning of section 771(5A)(D)(iv) of the Act because it is limited to companies located within regions which meet the criteria of Objective 1 or Objective 2 under the Structural Funds or article 87.3.c of the Treaty of Rome.

We normally treat grants as non-recurring. In accordance with section 351.524(b)(2) of the regulations, we determined that the Patti Territoriali grant received by De Matteis exceeded 0.5 percent of its sales in the year in which the grant was approved and, therefore, we will allocate the grant over the 12 year AUL.

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 De Matteis in the POR by its total sales in the POR. On this basis, we preliminarily determine the countervailable subsidy from the Patti Territoriali grant to be 0.57 percent ad valorem for De Matteis. *See* De Matteis Calc Memo.

On July 23, 2007, petitioners submitted ''Comments In Anticipation of Preliminary Results.'' In these comments, petitioners have made a further claim concerning this program. Because we did not have time to issue a supplemental questionnaire, we are not acting on the claim at this time. Following the publication of these preliminary results, the Department will decide whether to issue any further supplemental questionnaires concerning this program.

II. Programs Preliminarily Determined to be Not Countervailable

A. Social Security Reductions and Exemptions—Sgravi (Article 120 of Law 388/00)

Atar has reported receiving benefits from Article 120 of Law 388/00. Unlike many other *sgravi* programs, Article 120 of Law 388/00 (*fiscalizzazione* program) is a nationwide *sgravi* program that provides an equivalent level of deductions throughout Italy and is not specific to the *Mezzogiorno* region or to the pasta industry pursuant to section 771(5A) of the Act. Article 120 of Law 388/00 provides a deduction of certain social security payments related to health care or insurance. The government takes over a minimal amount of the payments for social contributions which are owed to the Instituto Nazionale Previdenza Sociale (''INPS''). In the ninth administrative review we found this program to be non-countervailable. *See Certain Pasta from Italy: Preliminary Results of the Ninth Countervailing Duty Administrative Review and Notice of Intent to Revoke Order, in Part,* 71 FR 17440 (April 6, 2006); and *Certain Pasta from Italy: Final Results of the Ninth Countervailing Duty Administrative Review and Notice of Revocation of Order, in Part,* 71 FR 36318 (June 26, 2006). Therefore, we continue to find that Article 120 of Law 388/00 is not a countervailable subsidy because the subsidy is not specific. Accordingly, we determine that Atar did not receive countervailable subsidies under this program.

III. Programs Preliminarily Determined to Not be Used

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

A. *Industrial Development Loans Under Law 64/86.*

B. *Law 236/93 Training Grants.*

C. *Law 1329/65 Interest Contributions (Sabatini Law) (Formerly Lump-Sum Interest Payment Under the Sabatini Law for Companies in Southern Italy).*

D. *Development Grants Under Law 30 of 1984.*

E. *Law 908/55 Fondo di Rotazione Iniziative Economiche (Revolving Fund for Economic Initiatives) Loans.*

F. *Law 317/91 Benefits for Innovative Investments.*

G. *Brescia Chamber of Commerce Training Grants.*

H. *Ministerial Decree 87/02.*

I. *Law 10/91 Grants to Fund Energy Conservation.*

J. *Export Restitution Payments.*

K. *Export Credits Under Law 227/77.*

L. *Capital Grants Under Law 675/77.*

M. *Retraining Grants Under Law 675/77.*

N. *Interest Contributions on Bank Loans Under Law 675/77.*

O. *Preferential Financing for Export Promotion Under Law 394/81.*

P. *Urban Redevelopment Under Law 181.*

Q. *Industrial Development Grants Under Law 183/76.*

R. *Interest Subsidies Under Law 598/94.*

S. *Duty-Free Import Rights.*

T. *European Social Fund Grants.*

U. *Law 113/86 Training Grants.*

V. *European Agricultural Guidance and Guarantee Fund.*

W. *Law 341/95 Interest Contributions on Debt Consolidation Loans (Formerly Debt Consolidation Law 341/95).*

X. *Interest Grants Financed by IRI Bonds.*

Y. *Grant Received Pursuant to the Community Initiative Concerning the Preparation of Enterprises for the Single Market (PRISMA).*

Z. *Article 44 of Law 448/01.*

IV. Programs Preliminarily Determined To Have Been Terminated

We examined the following programs at verification during the 9th Administrative Review and preliminarily determine in this review that they have been terminated prior to the current POR and that there will be no remaining subsidy benefits from these programs after this POR. *See* ''Verification of the Questionnaire Responses of the Government of Italy in the 9th Administrative Review'' (March 31, 2006) which was placed on the record of this proceeding on July 31, 2007.

A. *Social Security Reductions and Exemptions—Sgravi Article 44 of Law 448/01.*

B. *Social Security Reductions and Exemptions—Sgravi Law 337/90.*

Preliminary Results of Review

In accordance with 19 CFR 351.221(b)(4)(i), we calculated an individual subsidy rate for Pallante and De Matteis. Atar had no countervailable subsidies. We did not calculate an individual rate for Agritalia because a review was not requested for Agritalia. Agritalia was only asked to participate because of the possible effect of subsidies it received on its suppliers who are included in this review. We have preliminarily found that Agritalia did not receive any subsidies which affected any suppliers' rates. For the period January 1, 2005, through December 31, 2005, we preliminarily find the net subsidy rates for the producers/exporters under review to be those specified in the chart shown below:

Producer/exporter	Net subsidy rate (percent)
De Matteis Agroalimetare S.p.A	1.97
Pastificio Antonio Pallante S.r.L	2.02
Atar S.r.l	0.00

The calculations will be disclosed to the interested parties in accordance with 19 CFR 351.224(b).

If the final results of this review remain the same as these preliminary results, the Department intends to instruct Customs to assess countervailing duties at these net subsidy rates. The Department will issue appropriate instructions directly to Customs within 15 days of publication of the final results of this review.

For all other companies that were not reviewed (except Barilla G. e R. F.lli S.p.A. and Gruppo Agricoltura Sana S.r.l., which are excluded from the order, and Pasta Lensi S.r.l. which was revoked from the order), the Department has directed CBP to assess countervailing duties on all entries between January 1, 2005, and December 31, 2005, at the rates in effect at the time of entry. Agritalia has been reviewed previously and has its own exporter specific rate of 2.92 percent.

The Department also intends to instruct CBP to collect cash deposits of estimated countervailing duties.

For all non-reviewed firms (except Barilla G. e R. F.lli S.p.A. and Gruppo Agricoltura Sana S.r.l., which are excluded from the order, and Pasta Lensi S.r.l. which was revoked from the order), we will instruct CBP to collect cash deposits of estimated countervailing duties at the most recent company-specific or ''all others'' rate applicable to the company. These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested.

Public Comment

Pursuant to 19 CFR 351.224(b), the Department will disclose to parties to the proceeding any calculations performed in connection with these preliminary results within five days after the date of the public announcement of this notice.

Pursuant to 19 CFR 351.309(c)(ii), 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 no later than five days after the date of filing the case briefs, in accordance with 19 CFR 351.309(d). 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, pursuant to 19 CFR 351.310(c). Any hearing, if requested, will be held two days after the scheduled date for submission of rebuttal briefs.

The Department will publish a notice of the final results of this administrative review within 120 days from the publication of these preliminary results, in accordance with section 751(a)(3) of the Act.

We are issuing and publishing these results in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.221(b)(4).

Dated: July 31, 2007.

Stephen J. Claeys,

Acting Assistant Secretary for Import Administration.

[FR Doc. 07–3832 Filed 8–3–07; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

Mission Statement; Afghanistan International Carpet Fair; August 26–28, 2007

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice.

Mission Description

U.S. Secretary of Commerce Gutierrez's priorities for Afghanistan include helping the country develop three sectors in which it has a comparative advantage: rugs, dried fruits and nuts, and mining. The International Trade Administration of the Department of Commerce is