

manufacturer or exporter participated; (3) if the exporter is not a firm covered in this review, a prior review, or the original less-than-fair-value ("LTFV") investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent final results for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous review conducted by the Department, the cash deposit rate will be 15.45 percent, the all-others rate established in the LTFV investigation. *See Implementation of the Findings of the WTO Panel in US—Zeroing (EC): Notice of Determination Under Section 129 of the Uruguay Round Agreements Act and Revocations and Partial Revocations of Certain Antidumping Duty Orders*, 72 FR 25261 (May 4, 2007). These cash deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f) 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 increase the subsequent assessment of the antidumping duties by the amount of antidumping duties reimbursed.

These preliminary results of administrative review 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 30, 2008.

David M. Spooner,
Assistant Secretary for Import
Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[C-475-819]

Certain Pasta from Italy: Preliminary Results of the 11th (2006) Countervailing Duty Administrative Review

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

SUMMARY: The Department of Commerce ("Department") is conducting an administrative review of the

countervailing duty order on certain pasta from Italy for the period January 1, 2006, through December 31, 2006. We preliminarily find that De Matteis Agroalimentare S.p.A. ("De Matteis"), Pastificio Lucio Garofalo S.p.A. ("Garofalo"), and F.lli De Cecco di Filippo Fara San Martino S.p.A. ("De Cecco") received countervailable subsidies, and that Pastificio Felicetti SrL ("Felicetti") did not receive any countervailable subsidies. *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.*

EFFECTIVE DATE: August 6, 2008.

FOR FURTHER INFORMATION CONTACT:

Andrew McAllister 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) 482-1174 and (202) 482-0182, respectively.

SUPPLEMENTARY INFORMATION:

Background

On July 24, 1996, 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, 2007, the Department published a notice of "Opportunity to Request Administrative Review" of this countervailing duty order for calendar year 2006, the period of review ("POR"). *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 72 FR 36420 (July 3, 2007). On July 31, 2007, we received requests for review from Garofalo, Valdigrano Di Flavio Pagani SrL ("Valdigrano"), Felicetti, and Prodotti Mediterranei, Inc. on behalf of De Cecco. On July 31, 2007, we received a request for review from New World Pasta Company, American Italian Pasta Company, and Dakota Growers Pasta Company ("petitioners") for De Matteis. In accordance with 19 CFR 351.221(c)(1)(i), we published a notice of initiation of the review on August 24, 2007. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 72 FR 48613 (August 24, 2007).

On September 11, 2007, we issued countervailing duty questionnaires to the Commission of the European Union

("EU"), the Government of Italy ("GOI"), Garofalo, Valdigrano, Felicetti, De Cecco, and De Matteis. On October 16, 2007, Valdigrano withdrew its request for review. On November 5, 2007, we rescinded the review with respect to Valdigrano. *See Certain Pasta from Italy: Notice of Partial Rescission of Countervailing Duty Administrative Review*, 72 FR 62437 (November 5, 2007).

We received responses to our questionnaires in November 2007. We issued supplemental questionnaires to the respondents and GOI in February, March, April, May, June, and July 2008, and we received responses to our supplemental questionnaires in March, April, May, June, and July 2008.

Period of Review

The POR for which we are measuring subsidies is January 1, 2006, through December 31, 2006.

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 Istituto 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 Istituto 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:

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's November 21, 2007, questionnaire response ("QR") at 2-3. De Matteis has reported that Construzioni did not receive any subsidies during the POR or AUL period. *See* De Matteis's April 1, 2008, supplemental questionnaire response ("SQR") at 1. Therefore, we are

attributing De Matteis's subsidies to its sales only.

Garofalo: Garofalo has reported that it has no affiliates. Thus, we are attributing any subsidies received to Garofalo's sales only.

De Cecco: De Cecco has responded on behalf of two members of the De Cecco Group: F.lli De Cecco di Filippo Fara San Martino S.p.A. ("Pastificio") and Molino e Pastificio F.lli De Cecco S.p.A. ("Pescara"). Pastificio and Pescara manufacture pasta for sale in Italy, to third countries, and to the United States. Pastificio and Pescara are directly or indirectly 100 percent-owned by members of the De Cecco family. Effective January 1, 1999, Molino F.lli De Cecco di Filippo S.p.A. ("Molino"), a third member of the De Cecco Group on whose behalf De Cecco responded in the fourth administrative review, was merged with Pastificio and ceased to be a separate entity. The Department will continue to consider countervailable any benefits received by Molino in past administrative review periods and allocated over a period that extends into or beyond the current POR. In accordance with 19 CFR 351.525(b)(6)(i) and (ii), we are attributing subsidies received by Pastificio and Pescara to the combined sales of both.

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 would charge a corporate customer. *See, e.g., Certain Pasta from Italy: Preliminary Results and Partial Rescission of the Eighth Countervailing Duty Administrative Review*, 70 FR 17971 (April 8, 2005); *Certain Pasta from Italy: Final Results of the Eighth Countervailing Duty Administrative Review*, 70 FR 37084 (June 28, 2005) (unchanged in Final Results). For benefits received in 1995-2004, we used the Italian Bankers' Association ("ABI") 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 2005 and 2006, 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 GOI in its November 8, 2007, QR at Exhibit 5. We made the adjustments described above to this rate.

Analysis of Programs

I. Programs 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. De Matteis, Garofalo, and De Cecco received grants under Law 64/86 which conferred a benefit during the POR.

In the *Pasta Investigation*,¹ the Department determined that these grants confer a countervailable subsidy within the meaning of section 771(5) of the Tariff Act of 1930, as amended (“the Act”). They are a direct transfer of funds from the GOI bestowing a benefit in the amount of the grant. *See* section 771(5)(D)(i); *see also* 19 CFR 351.504(a). Also, these grants were found to be regionally specific within the meaning of section 771(5A)(D)(iv) of the Act. In this review, neither the GOI nor the responding companies have provided new information which would warrant reconsideration of our determination that these grants are countervailable subsidies.

In 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 grants received by De Matteis, Garofalo, and De Cecco under Law 64/86 exceeded 0.5 percent of their sales in the year in which the grants were approved.

We used the grant methodology described in 19 CFR 351.524(d) to allocate the benefits 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 0.05 percent *ad valorem* for De Matteis, 0.59 percent *ad valorem* for Garofalo, and 0.56 percent *ad valorem* for De Cecco. *See* Memorandum to the File, “2006 Preliminary Results Calculation Memorandum for De Matteis Agroalimentare S.p.A.,” dated July 30, 2008 (“De Matteis Calc Memo”); Memorandum to the File, “2006 Preliminary Results Calculation Memorandum for Pastificio Lucio Garofalo S.p.A.,” dated July 30, 2008 (“Garofalo Calc Memo”); and Memorandum to the File, “2006 Preliminary Results Calculation Memorandum for F.lli De Cecco di Filippo Fara San Martino S.p.A.,” dated July 30, 2008 (“De Cecco Calc Memo”).

B. Industrial Development Loans Under Law 64/86

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

authorized to receive interest subsidies after 1993.

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

In the *Pasta Investigation*, the Department determined that Law 64/86 loans confer a countervailable subsidy within the meaning of section 771(5) of the Act. They are a direct transfer of funds from the GOI providing a benefit in the amount of the difference between the benchmark interest rate and the interest rate paid by the companies after accounting for the GOI's interest contributions. *See* Section 751(5)(E)(ii). Also, these loans were found to be regionally specific within the meaning of section 771(5A)(D)(iv) of the Act. In this review, neither the GOI nor the responding companies have provided new information which would warrant reconsideration of our determination that these grants are countervailable subsidies.

In accordance with 19 CFR 351.505(c)(2), we calculated the benefit for the POR by computing the difference between the payments Garofalo and De Cecco made on their Law 64/86 loans net of GOI interest contributions and the payments Garofalo and De Cecco would have made on the benchmark loan. We divided the benefit received by Garofalo and De Cecco by their respective total sales in the POR.

On this basis, we determine the countervailable subsidy from the Law 64/86 industrial development loans to be 0.16 percent *ad valorem* for Garofalo and 0.02 percent *ad valorem* for De Cecco. *See* Garfalo Calc Memo and De Cecco Calc Memo.

C. Industrial Development Grants Under Law 488/92

In 1986, the 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.

¹ Final Affirmative Countervailing Duty Determination: Certain Pasta (“Pasta”) from Italy, 61 FR 30288 (June 14, 1996) (“Pasta Investigation”).

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

De Matteis, Garofalo, and De Cecco received grants under Law 488/92 which conferred a benefit during the POR. Based upon findings at verification, we adjusted De Matteis's reported disbursement amounts to include an interest amount received by De Matteis reflecting a lag in payment. See Memorandum to the File, "Verification of the Questionnaire Responses of De Matteis Agroalimentare S.p.A. in the 11th Administrative Review," dated July 30, 2008 ("De Matteis Verification Report"), at 8; see also De Matteis Calc Memo.

In the *Second Administrative Review*,² the Department determined that these grants confer a countervailable subsidy within the meaning of section 771(5) of the Act. They are a direct transfer of funds from the GOI bestowing a benefit in the amount of the grant. See section 771(5)(D)(i); see also 19 CFR 351.504(a). Also, these grants were found to be regionally specific within the meaning of section 771(5A)(D)(iv) of the Act. In this review, neither the GOI nor the responding companies have provided new information which would warrant reconsideration of our determination that these grants are countervailable subsidies.

In the *Second Administrative Review*, 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 expensed in the year of receipt. We determined that grants received by De Matteis, Garofalo, and De Cecco under Law 488/92 exceeded 0.5 percent of their sales in

the year in which the grants were approved.

We used the grant methodology described in 19 CFR 351.524(d) to allocate the benefits 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 488/92 industrial development grants to be 1.11 percent *ad valorem* for De Matteis, 0.81 percent *ad valorem* for Garofalo, and 0.25 percent *ad valorem* for De Cecco. See De Matteis Calc Memo, Garofalo Calc Memo, and De Cecco Calc Memo.

D. European Regional Development Fund ("ERDF") *Programma Operativo Plurifondo* (P.O.P.) Grant

The ERDF is one of the EU'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, as described above, of Objective 1, Objective 2, or Objective 5(b) under the Structural Funds.

De Matteis received a P.O.P. Grant from the Regione Campania in 1998.³ The P.O.P. Grants were funded by the EU, the GOI, and the Regione Campania.

In the *Pasta Investigation*, the Department determined that ERDF P.O.P. Grants confer a countervailable subsidy within the meaning of section 771(5) of the Act. They are a direct transfer of funds from the GOI bestowing a benefit in the amount of the grant. See section 771(5)(D)(i); see also 19 CFR 351.504(a). Also, these grants were found to be regionally specific within the meaning of section 771(5A)(D)(iv) of the Act. In this review, neither the 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 19 CFR 351.524(b)(2), 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 19 CFR 351.524(d) to allocate the benefits over time. 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 ERDF P.O.P. Grant to be 0.05 percent *ad valorem* for De Matteis. See De Matteis Calc Memo.

E. Social Security Reductions and Exemptions – *Sgravi*

Italian law allows companies, particularly those located in the *Mezzogiorno* region, 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 benefits under some of these laws (e.g., Laws 183/76, 449/97, and 223/91) are available only to companies located in the *Mezzogiorno* and other disadvantaged regions. Certain 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 *Mezzogiorno* and other disadvantaged regions than for companies in other parts of the country. Still, other laws provide benefits that are not linked to any region.

In the *Pasta Investigation* and subsequent reviews, the Department determined that certain types 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. See section 771(5)(D)(ii) of the Act. 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, generally, were countervailable for companies located within the *Mezzogiorno* region.

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

³ See *Certain Pasta from Italy: Preliminary Results and Partial Rescission of Countervailing Duty Administrative Review*, 66 FR 40987 (August 6, 2001) ("Fourth Administrative Review"); *Certain Pasta From Italy: Final Results of Fourth Countervailing Duty Administrative Review*, 66 FR 64214 (December 12, 2001) (unchanged in Final Results).

However, the GOI has submitted information claiming that benefits provided under Article 8 of Law 223/91 should be provided not countervailable. See Memorandum to the File, "GOI's June 11, 2008, Letter," dated July 30, 2008.

The laws identified as having provided *sgravi* benefits during the POR are the following: Law 863/84 (De Matteis and Garofalo), Law 196/97 (De Matteis), Law 407/90 (De Matteis and Garofalo), Law 223/91 Article 8 Paragraph 2 (De Matteis), and Law 223/91 Article 25 Paragraph 9 (De Matteis). These companies are located in the *Mezzogiorno* region of Italy.

1) Law 863/84

Law 863/84 provides social security reductions or exemptions when a company hires a worker under a non-renewable contract with a term of 24 months or less and the contract includes an educational or training component. The GOI refers to these as "skilling" contracts. See GOI Verification Report,⁴ at 10–11. The employer may receive reductions or exemptions from social security contributions for a period of up to 24 months. *Id.* Typically, employees hired under these contracts must be no more than 29 years old, but in the *Mezzogiorno*, the maximum age is 32 years old. *Id.* Also, a company in the *Mezzogiorno* is exempted from making social security contributions for employees hired under these skilling contracts, while companies in other areas of Italy received a 25 percent reduction in social security contributions. *Id.*

Legislative Decree ("L.D.") 276/03 repealed the provision related to skilling contracts by private companies and, as of November 2004, no new skilling contracts could be made. *Id.* However, for skilling contracts entered into as of October 2004, benefits could be realized for the duration of the two-year period. *Id.*

In the *Pasta Investigation*, we determined Law 863/84 conferred a countervailable subsidy within the meaning of section 771(5) of the Act. The reduction or exemption of taxes is revenue forgone and is, therefore, a financial contribution within the meaning of section 771(5)(D)(ii) of the Act. The benefit is the difference in the amount of the tax savings between companies located in the *Mezzogiorno* and companies located in the rest of Italy in accordance with 19 CFR 351.509(a). Additionally, the program is

regionally specific within the meaning of section 771(5A)(D)(iv) of the Act because higher levels of benefits are limited to companies in the *Mezzogiorno* region.

In accordance with 19 CFR 351.524(c) 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 for De Matteis and Garofalo, we calculated the difference during the POR between the savings for each of these respondent companies located in the *Mezzogiorno* and the savings a company located in the rest of Italy would have received. This amount was divided by the respondent's total sales in the POR.

On this basis, we preliminarily determine the countervailable subsidy from Law 863/84 to be 0.01 percent *ad valorem* for De Matteis and 0.03 percent *ad valorem* for Garofalo. See De Matteis Calc Memo and Garofalo Calc Memo.

2) Law 196/97

Law 196/97 is closely related to Law 863/84. See GOI Verification Report, at 11–12. It provides additional exemptions for employers in the *Mezzogiorno* that hire on a long-term (or permanent) basis, employees hired under skilling contracts. *Id.* Law 196/97 permits such employers a total exemption from social security contributions for an additional 12-month period.

Benefits from Law 196/97 could only be requested after an employee had participated in a 24-month skilling contract under Law 863/84. As noted above, no new skilling contracts under Law 863/84 could be made after October 31, 2004. Thus, the last possible date to request exemptions under Law 196/97 was October 31, 2006. Moreover, because the exemption granted under Law 196/97 only lasts for twelve months, benefits were set to expire by October 31, 2007.

In the *Fourth Administrative Review*, we determined Law 196/97 confers a countervailable subsidy within the meaning of section 771(5) of the Act. The reduction or exemption of taxes is revenue forgone and is, therefore, a financial contribution within the meaning of section 771(5)(D)(ii) of the Act. The benefit is the amount of the tax savings in accordance with 19 CFR 351.509(a). Additionally, the program is regionally specific within the meaning of section 771(5A)(D)(iv) of the Act because benefits are limited to companies in the *Mezzogiorno* region.

In accordance with 19 CFR 351.524(c) 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 Law 196/97 to be 0.09 percent *ad valorem* for De Matteis. See De Matteis Calc Memo.

3) Law 407/90

Law 407/90 grants an exemption from social security taxes for three years when a company hires a worker who (1) has received wage supplementation for a period of at least two years, or (2) has been previously unemployed for a period of two years. See GOI Verification Report, at 12–13. A 100-percent exemption is allowed for companies in the *Mezzogiorno*, while companies located in the rest of Italy receive a 50-percent reduction.

In the *Pasta Investigation*, we determined Law 407/90 confers a countervailable subsidy within the meaning of section 771(5) of the Act. The reduction or exemption of taxes is revenue forgone and is, therefore, a financial contribution within the meaning of section 771(5)(D)(ii) of the Act. The benefit is the difference in the amount of the tax savings between companies located in the *Mezzogiorno* and companies located in the rest of Italy in accordance with 19 CFR 351.509(a). Additionally, the program is regionally specific within the meaning of section 771(5A)(D)(iv) of the Act because higher levels of benefits are limited to companies in the *Mezzogiorno* region.

In accordance with 19 CFR 351.524(c) 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 for De Matteis and Garofalo, we divided the difference during the POR between the savings for each respondent company located in the *Mezzogiorno* and the savings a company located in the rest of Italy would have received. This amount was divided by the respondent's total sales in the POR.

On this basis, we preliminarily determine the countervailable subsidy from Law 407/90 to be 0.03 percent *ad valorem* for De Matteis and 0.01 percent *ad valorem* for Garofalo. See De Matteis Calc Memo and Garofalo Calc Memo.

4) Law 223/91

⁴ See Memorandum to the File, "Verification of the Questionnaire Responses of the Government of Italy in the 11th Administrative Review," dated July 30, 2008 ("GOI Verification Report").

Law 223/91 is designed to increase employment by providing benefits to companies that hire unemployed workers on a special mobility list. The mobility list comprises recently fired workers in certain sectors of the economy, but companies in any sector may hire workers off the mobility list.

(a) *Article 8, Paragraph 2*

Under Law 223/91, Article 8, Paragraph 2, the employer is exempted from social security contributions when a mobility-listed worker is hired under a short-term contract of up to 12 months. See GOI Verification Report, at 13–14. The employer receives such benefits for the length of the contract to a maximum of 12 months. *Id.* But, if the short-term contract is converted to a permanent contract, the employer receives benefits for an additional 12 months. *Id.*

In the *Seventh Administrative Review*,⁵ we determined that Law 223/91 conferred a countervailable subsidy within the meaning of section 771(5) of the Act. The reduction or exemption of taxes was treated as revenue forgone and was, therefore, a financial contribution within the meaning of section 771(5)(D)(ii) of the Act. The benefit is the amount of tax savings in accordance with 19 CFR 351.509(a). Additionally, we found that the program was regionally specific within the meaning of section 771(5A)(D)(iv) of the Act because it was limited to companies in the *Mezzogiorno* or because the higher levels of benefits were limited to companies in the *Mezzogiorno*.

Based on our review of the record of the seventh administrative review and our verification in this administrative review, we continue to find the exemption or reduction of taxes as revenue forgone, with the benefit equal to the amount not collected; however, we now find no basis for *de jure* specificity under Law 223/91, Article 8, Paragraph 2. See GOI Verification Report, at 13–14. However, on June 16, 2008, we sent a supplemental questionnaire to the GOI which in part asked for a list of the industries that received benefits under this law. The GOI did not respond to this portion of the supplemental questionnaire. See GOI's June 27, 2008, SQR. Therefore, the GOI has not provided information to support a finding that Law 223/91, Article 8, Paragraph 2, is not *de facto*

specific, within the meaning of section 771(5A)(iii) of the Act. Accordingly, we continue to find the exemptions provided under Law 223/91, Article 8, Paragraph 2, countervailable. After these preliminary results, we intend to issue another supplemental questionnaire to the GOI asking about industry usage of Law 223/91, Article 8, Paragraph 2.

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 Law 223/91, Article 8, Paragraph 2 to be 0.02 percent *ad valorem* for De Matteis. See De Matteis Calc Memo.

(b) *Article 25, Paragraph 9*

Under Law 223/91, Article 25, Paragraph 9, an employer is exempted from social security contributions for a period of 18 months when the worker is hired from the mobility list on a permanent basis. See GOI Verification Report, at 13–14.

In the *Seventh Administrative Review*, we determined that Law 223/91 conferred a countervailable subsidy within the meaning of section 771(5) of the Act. The reduction or exemption of taxes was treated as revenue forgone and was, therefore, a financial contribution within the meaning of section 771(5)(D)(ii) of the Act. The benefit is the amount of tax savings in accordance with 19 CFR 351.509(a). Additionally, we found that the program was regionally specific within the meaning of section 771(5A)(D)(iv) of the Act because it was limited to companies in the *Mezzogiorno* or because the higher levels of benefits were limited to companies in the *Mezzogiorno*.

Based on our review of the record of the seventh administrative review and our verification in this administrative review, we continue to find the exemption or reduction of taxes as revenue forgone, with the benefit equal to the amount not collected; however, we now find no basis for *de jure* specificity under Law 223/91, Article 25, Paragraph 9. See GOI Verification Report, at 13–14. However, on June 16, 2008, we sent a supplemental questionnaire to the GOI which in part asked for a list of the industries that received benefits under this Law. The GOI did not respond to this portion of the supplemental questionnaire. See GOI's June 27, 2008, SQR. Therefore, the GOI has not provided information to support a finding that Law 223/91, Article 25, Paragraph 9, is not *de facto* specific, within the meaning of section 771(5A)(iii) of the Act. Accordingly, we continue to find the exemptions provided under Law 223/91, Article 25,

Paragraph 9, countervailable. After these preliminary results, we intend to issue another supplemental questionnaire to the GOI asking about industry usage of Law 223/91, Article 25, Paragraph 9.

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 Law 223/91, Article 25, Paragraph 9, to be 0.00 percent *ad valorem* for De Matteis. See De Matteis Calc Memo.

F. Law 289/02

1) *Article 62 - Investments in Disadvantaged Areas*

Article 62 of Law 289/02 provides a benefit in the form of a credit towards direct taxes, indirect taxes, or social security contributions. See GOI Verification Report, at 2–4. The credit must be used within three years. *Id.* The law was established to promote investment in disadvantaged areas by providing credits to companies that undertake new investment by purchasing capital goods, equipment, patents, licenses, or know how. *Id.* The granting of new benefits under Article 62 of Law 289/02 expired as of December 31, 2006, but the credits obtained prior to this date may be used in future years. *Id.*

In the *Tenth Administrative Review*,⁶ we determined that Article 62 of Law 289/02 confers a countervailable subsidy. The credits are a financial contribution within the meaning of section 771(5)(D)(ii) of the Act because they represent revenue foregone by the GOI, and a benefit is conferred in the amount of the tax savings in accordance with 19 CFR 351.509(a). Finally, 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, Puglia, Sicily, and Sardegna, and certain municipalities in the Abruzzo and Molise region, and certain municipalities in central and northern Italy. No new information has been placed on the record of this review that would cause us to depart from this treatment.

De Matteis is located in Campania and took advantage of this program. It did so by constructing a new semolina milling

⁵ See *Certain Pasta from Italy: Preliminary Results and Partial Rescission of the Seventh Countervailing Duty Administrative Review*, 69 FR 45676, 45683 (July 30, 2004) (“*Seventh Administrative Review*”); *Certain Pasta from Italy: Final Results of the Seventh Countervailing Duty Administrative Review*, 69 FR 70657 (December 7, 2004) (unchanged in Final Results).

⁶ See *Certain Pasta From Italy: Preliminary Results of the Tenth Countervailing Duty Administrative Review*, 72 FR 43616 (August 6, 2007) (“*Tenth Administrative Review*”); *Certain Pasta From Italy: Final Results of the Tenth (2005) Countervailing Duty Administrative Review*, 72 FR 7251 (February 7, 2008) (unchanged in Final Results).

facility, including wheat silos, by-product storage silos, semolina silos, and milling equipment. A tax credit for De Matteis was approved in 2005 and a portion was used to reduce the company's income taxes for 2005 and 2006.

In the *Tenth Administrative Review*, the Department treated the amount credited against 2005 income as a non-recurring grant in accordance with the criteria in 19 CFR 351.524(c)(2)(i)-(iii). Specifically, the tax credit is exceptional because it was only available for a limited period of time, and was dependent upon companies making specific investments. Further, the tax credit required the GOI's authorization, and was tied to capital assets of the firm. Moreover, in accordance with 19 CFR 351.524(b)(2), 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. Therefore, we treated the portion of the tax credit used to offset income in 2005 as a grant received in that year and allocated the benefit over the AUL using the formula described in 19 CFR 351.524(d).

We have followed the same methodology for the portion of the tax credit used to offset income earned during the POR. Consequently, we divided the benefit received by De Matteis from the 2005 and 2006 grants in the POR by the company's total sales in the POR. On this basis, we preliminarily determine the countervailable subsidy from Law 289/02 Article 62 to be 0.74 percent *ad valorem* for De Matteis. See De Matteis Calc Memo.

2) Article 63 - Increase in Employment

Article 63 of Law 289/02 provides a benefit in the form of a credit towards direct taxes, indirect taxes, or social security contributions. See GOI Verification Report, at 4–5. The law was established to promote employment by providing a tax credit to companies that increase the number of employees at the company by hiring new workers to long-term contracts. *Id.* The monthly credit is 100 euros for a new hire for any company in Italy. If the employee is 45 years old or older, the monthly amount increases to 150 euros. The monthly credit is 300 euros if the company is located in the *Mezzogiorno*. *Id.* Under the law, the granting of new credits ceased as of December 31, 2006. *Id.* There is no limit as to when the credits can be applied as these credits carry over from one year to the next. *Id.* However, as of 2007, the credits must be used as soon as possible and failure to do so forfeits the portion of the credit

that could have been taken during the given year. *Id.*

In the *Tenth Administrative Review*, we determined that Article 63 of Law 289/02 confers a countervailable subsidy. The credits are a financial contribution within the meaning of section 771(5)(D)(ii) of the Act because they represent revenue foregone by the GOI, and a benefit is conferred in the amount of the tax savings in accordance with 19 CFR 351.509(a). Finally, 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, Frosone, Viterbo, and Massa. No new information has been placed on the record of this review that would cause us to depart from this treatment.

De Matteis and Garofalo are located in Campania; however, only De Matteis claimed the higher tax credits on the income tax forms filed during the POR.

Consistent with the *Tenth Administrative Review*, we are treating these as recurring subsidies and attributing the benefit to the year in which the taxes would otherwise have been due, *i.e.*, the year in which the company filed its tax form.⁷ Based upon findings at verification, we revised De Matteis's reported amount to reflect the amount associated with the tax return filed during the POR. See De Matteis Verification Report and De Matteis Calc Memo. To calculate the countervailable subsidy, we divided the credit taken by De Matteis 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 0.05 percent *ad valorem* for De Matteis. See De Matteis Calc Memo.

G. Law 662/96

The GOI describes Patti Territoriali grants (Law 662/96 Article 2, Paragraph 203, Letter d) as being 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. A Patti Territoriali is signed between the provincial government and the GOI. See GOI Verification Report, at 5–7. Based upon project submissions, the provincial government ranks the projects and selects the projects it considers to be the best. *Id.* The provincial government submits the detailed plans to the GOI and, if approved, a special authorizing decree is issued for each company specifying the investment required and a schedule of the benefits. *Id.*

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

In the *Tenth Administrative Review*, the Department determined that this grant confers a countervailable subsidy within the meaning of section 771(5) of the Act. It is a direct transfer of funds from the GOI bestowing a benefit in the amount of the grant. See Section 771(5)(D)(i); see also 19 CFR 351.504(a). Also, this grant was found to be 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. 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 *Tenth Administrative Review*, the Department treated the Patti Territoriali grant as non-recurring. No new information has been placed on the record of this review that would cause us to depart from this treatment. We 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 expensed in the year of receipt. We determined that the grant received by De Matteis under Law 662/96 exceeded 0.5 percent of its sales in the year in which the grant as approved.

We used the grant methodology described in 19 CFR 351.524(d) to allocate the benefits over time. We divided the benefit received by De Matteis in the POR by its total sales in the POR.

⁷ See 19 CFR 351.509(b).

On this basis, we preliminarily determine the countervailable subsidy from the Patti Territoriali grant to be 0.50 percent ad valorem for De Matteis. *See De Matteis Calc Memo.*

II. Programs Preliminarily Determined to be Not Countervailable

A. Research and Investigation Program of Legislative Decree 297/99 and Ministerial Decree 593/00

Garofalo has reported receiving benefits under Legislative Decree ("L.D.") 297/99 which is implemented by Ministerial Decree ("M.D.") 593/00. M.D. 593/00 provides a tax credit or contribution to costs for planned research or analytical investigations aimed at acquiring new knowledge for new products, production processes, or services or to improve existing products, production processes, or services. *See* GOI's April 1, 2008, SQR at Exhibit 3. Requests for these benefits can be filed by (1) companies engaged in industrial activities aimed at the production of goods and/or services, (2) companies engaged in transportation by land, sea, or air; (3) companies engaged in handicraft activities; (4) research centers, and (5) consortia companies. *See* GOI's April 1, 2008, SQR. The benefits are paid automatically after the filing of the request and after verification of eligibility. *Id.* Additionally, M.D. 593 has no provisions that restrict eligibility by region.

We preliminarily find that L.D. 297/99 is a nationwide program that potentially provides a similar level of deductions to all recipients and is not *de jure* specific to any particular company or industry pursuant to sections 771(5A)(D)(i) or 771(5A)(D)(ii) of the Act. We reviewed the translated text of this law and find the only location requirement for consideration under L.D. 297/99 Article 5 is that applicants must have a permanent establishment in the national territory. *See* GOI's April 1, 2008, SQR at Exhibit 3. Therefore, it appears to be not regionally specific under section 771(5A)(D)(iv) of the Act. Additionally, we find that L.D. 297/99/M.D. 593/00 is not *de facto* specific pursuant to 771(5A)(D)(iii), as during the POR, companies from diverse sectors were granted benefits under this law and the agro-food sector received only 3.7 percent of the total disbursements granted by the Ministry of University and Research. *See* GOI's May 19, 2008, SQR at Exhibit 2. Moreover, there is no record evidence indicating that there are a limited number of recipients under this program. *See* section

771(5A)(D)(iii)(I) of the Act. Accordingly, we preliminarily determine that assistance provided under L.D. 297/99 and M.D. 593/00 is not countervailable.

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

PRISMA, a program funded by the European Structural Fund, seeks to contribute to the creation of a single EU market by improving standardization and quality control procedures, and seeks to assist small- and medium-sized enterprises in Objective 1 regions to adapt to a single EU market and increased competition. Garofalo received a PRISMA grant in 1996.

In the *First Administrative Review*,⁸ the Department determined that PRISMA grants confer a countervailable subsidy within the meaning of section 771(5) of the Act. They are a direct transfer of funds from the GOI bestowing a benefit in the amount of the grant. *See* section 771(5)(D)(i); *see also* 19 CFR 351.504(a). Also, these grants were found to be regionally specific within the meaning of section 771(5A)(D)(iv) of the Act because they are limited to firms located in designated geographic regions. 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.

Because the grant received by Garofalo was less than 0.5 percent of the company's sales in 1996, the year in which the grant was approved, we expensed the entire grant in the year of receipt, *i.e.*, 1996. Therefore, this program was not used in the POR. *See* Garofalo Calc Memo.

⁸ *See Certain Pasta From Italy: Preliminary Results of the First Countervailing Duty Administrative Review*, 63 FR 17372 (April 9, 1998) ("*First Administrative Review*"); *Certain Pasta From Italy: Final Results of Countervailing Duty Administrative Review*, 63 FR 43905 (August 17, 1998) (unchanged in Final Results).

B. European Regional Development Fund ("ERDF") *Programma Operativo Multiregionale* (P.O.M.) Grant

The P.O.M. Grants are managed by the central government and the Ministry of Industry (now the Ministry of Economic Development) is responsible for the administration of grants related to industry and services. *See* GOI's May 19, 2008, SQR.

Garofalo was approved to receive a P.O.M. Grant from the GOI in 1998. The P.O.M. Grants are co-funded by the EU and the GOI. Because the amount was less than 0.5 percent of Garofalo's sales in 1998, we expensed the entire grant in the years of receipt, *i.e.*, 1998 and 2000. Therefore, this program was not used in the POR. *See* Garofalo Calc Memo.

C. Certain Social Security Reductions and Exemptions – *Sgravi* (including Law 223/91, Article 8, Paragraph 4)

D. Law 236/93 Training Grants

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

F. Development Grants Under Law 30 of 1984

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

H. Law 317/91 Benefits for Innovative Investments

I. Brescia Chamber of Commerce Training Grants

J. Ministerial Decree 87/02

K. Law 10/91 Grants to Fund Energy Conservation

L. Export Restitution Payments

M. Export Credits Under Law 227/77

N. Capital Grants Under Law 675/77

O. Retraining Grants Under Law 675/77

P. Interest Contributions on Bank Loans Under Law 675/77

Q. Preferential Financing for Export Promotion Under Law 394/81

R. Urban Redevelopment Under Law 181

S. Industrial Development Grants under Law 183/76

T. Interest Subsidies Under Law 598/94

U. Duty-Free Import Rights

V. European Social Fund Grants

W. Law 113/86 Training Grants

X. European Agricultural Guidance and Guarantee Fund

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

Z. Interest Grants Financed by IRI Bonds

AA. Article 44 of Law 448/01

IV. Programs for Which More Information is Required

A. Social Security Reductions and Exemptions – *Sgravi*

1) *Legislative Decree (“L.D.”) 276/03* De Matteis, Garofalo, and De Cecco have reported receiving benefits under L.D. 276/03. L.D. 276/03 is aimed at making the labor market more flexible by providing incentives for apprentice contracts. See GOI’s April 1, 2008, SQR. Companies receive benefits for hiring workers under mixed contracts possessing a work component and a training component. See GOI Verification Report, at 14–15. Specifically, three categories of employee contracts recognized under this decree are: (1) working toward completion of compulsory schooling, (2) working toward completion of trade schooling, and (3) high-level training of special skills for a worker. *Id.*

Except for a weekly flat fee paid by the employer on behalf of the employee, the employer receives a total exemption from its social security contribution. See GOI Verification Report, at 14–15. The contributions are applied in equal measure across Italy and the decree may be used in all sectors of activity. See GOI’s May 19, 2008, SQR and Exhibit 1; see also GOI Verification Report, at 14–15.

Based on our review of the record of this administrative review and our verification, we find no basis for *de jure* specificity. Additionally, based on record evidence and our verification, the law does not appear to be regionally specific under section 771(5A)(D)(iv) of the Act. However, at this time, we do not have sufficient information to determine whether this program is *de facto* specific under section 771(5A)(D)(iii) of the Act. Therefore, we intend to seek further information regarding specificity of this program from the GOI and we will provide parties an opportunity to comment on this information before the final results.

Verification

In accordance with 19 CFR 351.222(f)(2)(ii) and 351.307(b)(1)(v), we verified information submitted by the GOI for De Matteis in Rome, Italy on May 26–28, 2008. See GOI Verification Report. We verified information submitted by De Matteis in Flumeri, Italy on May 29–30, 2008. See De Matteis Verification Report.

Preliminary Results of Review

In accordance with 19 CFR 351.221(b)(4)(i), we calculated individual subsidy rates for De Matteis, Garofalo, and De Cecco. Felicetti had no countervailable subsidies.

For the period January 1, 2006, through December 31, 2006, we preliminarily determine the net subsidy rates for the producers/exporters under review to be those specified in the chart shown below:

Producer/Exporter	Net Subsidy Rate
De Matteis Agroalimentare S.p.A.	2.65%
Pastificio Lucio Garofalo S.p.A.	1.60%
F.lli De Cecco di Filippo Fara San Martino S.p.A.	0.83%
Pastificio Felicetti SrL	0.00%
All–Others Rate	3.85%

Consequently, if these preliminary results are adopted in our final results of this review, the Department will instruct U.S. Customs and Border Protection (“CBP”) to assess countervailing duties at these net subsidy rates. The Department will issue appropriate instructions directly to CBP 15 days after 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, 2006, and December 31, 2006, at the rates in effect at the time of entry.

The Department also intends to instruct CBP to collect cash deposits of estimated countervailing duties in the amounts shown above. No cash deposits of estimated duties will be required for Felicetti. 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 30, 2008.

David M. Spooner,
Assistant Secretary for Import Administration.

[FR Doc. E8–18030 Filed 8–5–08; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–928]

Uncovered Innerspring Units from the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value

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

EFFECTIVE DATE: August 6, 2008.

SUMMARY: We preliminarily determine that uncovered innerspring units (“innersprings”) from the People’s Republic of China (“PRC”) are being, or are likely to be, sold in the United States at less than fair value (“LTFV”), as provided in section 733 of the Tariff Act of 1930, as amended (“the Act”). The estimated margins of sales at LTFV are shown in the “Preliminary