

However, section 751(a)(2)(B)(iv) allows the Department to extend the 180-day period to 300 days and the 90-day period to 150 days, if we determine the case is extraordinarily complicated.

#### Extension of Time Limit for Preliminary Results

There is a pending request from the petitioners that the Department initiate a sales below cost investigation in this proceeding. Due to the complexity of cost issues and the potential need to request full cost of production information from the respondent, we find that this case is extraordinarily complicated and the preliminary results cannot be completed within the time limit currently mandated by section 751(a)(2)(B) (i.e., April 15, 2002). Therefore, in accordance with section 751(a)(2)(B) of the Act and 19 CFR 351.214(h)(2), the Department is extending the time limit for completion of the preliminary results by 120 days (i.e., until August 13, 2002).

We are issuing and publishing this notice in accordance with sections 751(a)(2)(B) and 777(i)(1) of the Act.

Dated: April 2, 2002.

**Richard Moreland,**

*Deputy Assistant Secretary for AD/CVD Enforcement I.*

[FR Doc. 02-8443 Filed 4-5-02; 8:45 am]

**BILLING CODE 3510-DS-S**

## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-535-001]

#### Cotton Shop Towels from Pakistan: Preliminary Results and Partial Rescission of Countervailing Duty Administrative Review

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

**ACTION:** Notice of Preliminary Results of Countervailing Duty Administrative Review.

**SUMMARY:** The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty order on certain cotton shop towels from Pakistan for the period January 1, 2000, through December 31, 2000. For information on the net subsidy for the reviewed companies, please see the "Preliminary Results of Review" section of this notice. If the final results remain the same as these preliminary results of administrative review, we will instruct the U.S. Customs Service (Customs) to assess countervailing duties as detailed

in the "Preliminary Results of Review" section of this notice. Interested parties are invited to comment on these preliminary results. (See the "Public Comment" section of this notice). In accordance with 19 CFR 351.213(d)(1), the Department is also rescinding this review with regard to Aqil Textile Industries (Aqil), Bitra Textile Corporation (Bitra), Jawad Brothers, Pakistan Textile Corporation (Pvt.) (Pakistan Textile), Salimah International (Salimah), Shaheen Textiles, Nisar (Textiles) Corporation (Nisar), Khaksar Impex (Pvt.) Ltd. (Khaksar), Saasoah Textile Corporation (Saasoah), and Shaheen International.

**EFFECTIVE DATE:** April 8, 2002.

#### FOR FURTHER INFORMATION CONTACT:

Gayle Longest at (202) 482-3338, AD/CVD Enforcement Office VI, Import Administration, U.S. Department of Commerce, Room 4012, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230

#### SUPPLEMENTARY INFORMATION:

##### Background

On March 9, 1984, the Department published in the Federal Register the countervailing duty order on certain cotton shop towels from Pakistan (49 FR 8974). On March 5, 2001, the Department published a notice of "Opportunity to Request an Administrative Review" of this countervailing duty order (66 FR 13283). We received a timely request for review from Aqil, Bitra, Fine Fabrico (Fabrico), Iftikhar Corporation (Iftikhar), Ishaq Towel Factory (Ishaq), Jawad Brothers, Jawwad Industries, Mehtabi Towel Mills Ltd. (Mehtabi), Pakistan Textile, Quality Linen Supply Corp. (Quality), R.I. Weaving (R.I.), Salimah, Shaheen, Shahi Textiles (Shahi), Silver Textile Factory (Silver), Sultex Industries, United Towel Exporters (United), Universal Linen (Universal), Nisar, Khaksar, Saasoh, Faisalabad Cotton Product (Pvt) Ltd. (Faisalabad), Shaheen International, and Ranjha Linen (Ranjha). On April 30, 2001, the Department published a notice of initiation of administrative review of the countervailing duty on cotton shop towels from Pakistan, covering the period January 1, 2000 through December 31, 2000 (66 FR 21310).

On November 7, 2001, we extended the period for completion of the preliminary results pursuant to section 751(a)(3) of the Tariff Act of 1930, as amended (the Act). See *Certain Cotton Shop Towels From Pakistan: Extension of Time Limit for Preliminary Results of Countervailing Duty Administrative*

*Review*, 66 FR 56276 (November 7, 2001).

On September 17, 2001, we received a request to withdraw from the administrative review from Aqil, Bitra, Jawad Brothers, Pakistan Textile, Salimah, Shaheen Textiles, Nisar, Khaksar, Saasoah, and Shaheen International. The applicable regulation, 19 CFR 351.213(d)(1), states that if a party that requested an administrative review withdraws the request within 90 days of the date of publication of the notice of initiation of the requested review, the Secretary will rescind the review. Although the request for rescission was made after the 90 day deadline, in accordance with 19 CFR 351.213(d)(1), the Secretary may extend this time limit if the Secretary decides it is reasonable to do so. Each of the aforementioned parties was the only party to make a request for its administrative review. Moreover, we have received no other comments by any other parties regarding these requests for withdrawal from the administrative review. Therefore, we are rescinding this review of the countervailing duty order on cotton shop towels for these companies covering the period January 1, 2000, through December 31, 2000.

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 the companies listed above, with the exception of Aqil, Bitra, Jawad Brothers, Pakistan Textile, Salimah, Shaheen Textiles, Nisar, Khaksar, Saasoah, Shaheen International. This review covers seven programs.

#### Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Act are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are references to the provisions codified at 19 CFR part 351 (2001).

#### Scope of Review

The merchandise subject to this review is cotton shop towels. The product covered in this review is provided for under item number 6307.10.20 of the *Harmonized Tariff Schedule of the United States* (HTSUS). The HTSUS subheadings are provided for convenience and Customs purposes. The written description of the scope of this proceeding is dispositive.

### Attribution of Subsidies

Section 351.525 of the Department's regulations states that the Department will attribute subsidies received by two or more corporations to the products produced by those corporations where cross-ownership exists. According to section 351.525(b)(6)(vi) of the Department's regulations, cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other corporation(s) in essentially the same ways it can use its own assets. In this review, we found that several of the respondent firms belonged to family-owned company-groups (*i.e.*, the same family owns companies A, B, and C). All of these family companies produce and export the subject merchandise. Moreover, in most cases these firms share the same physical facilities, administrative services, and marketing services.

On the basis of the above facts, combined with the fact that these family-owned and controlled companies all produce the subject merchandise, we preliminarily determine that loans under the export financing scheme and the sales tax rebates, programs previously found countervailable by the Department, are attributable to the total sales of exports to the United States of that group of family-related firms and to the total export sales of that group of family-owned firms, respectively. This conforms with section 351.525(b)(6)(ii) of the Department's regulations, which explicitly states that if two (or more) corporations with cross-ownership produce the subject merchandise, the Secretary will attribute the subsidies received by either or both corporations to the products produced by both corporations.

We preliminarily determine that cross-ownership exists between the following family related companies: (1) Mehtabi/Quality/Fabrico/Ranjha/Ifitkhar/Faislamabad and (2) United/R.I./Universal/Ishaq. Therefore, we have calculated one rate for each of these family-owned corporate groups and have applied that rate to each of the member companies. This finding is consistent with our cross-ownership determination in the administrative review of this order covering the period January 1, 1999 through December 31, 1999. See *Cotton Shop Towels From Pakistan: Preliminary Results and Partial Recession of Countervailing Duty Administrative Review* 66 FR 18444 (April 9, 2001) (1999 *Shop Towels Preliminary*) and *Cotton Shop Towels From Pakistan: Final Results of*

*Countervailing Duty Administrative Review*, 66 FR 42514 (August 13, 2001) (1999 *Shop Towels Final*).

### Use of Facts Available

Two of the respondents, Jawwad Industries and Sultex responded to the Department's initial questionnaire but failed to respond to the supplemental questionnaire with respect to the Sales Tax Rebate Program. Jawwad Industries also did not respond to the Department's initial questionnaire and supplemental questionnaire with respect to short-term loans received under the Export Financing Scheme (EFS). Sections 776(a)(2)(A) and 776(a)(2)(B) of the Act provide for the use of facts available when an interested party withholds information that has been requested by the Department, or when an interested party fails to provide the information requested in a timely manner and in the form required. These two respondents failed to provide information explicitly requested by the Department; therefore, we must resort to the facts otherwise available. Because Jawwad Industries and Sultex did not respond to the supplemental questionnaire, sections 782(d) and (e) of the Act are not applicable.

Section 776(b) of the Act provides that in selecting from among the facts available, the Department may use an inference that is adverse to the interests of a party if it determines that a party has failed to cooperate to the best of its ability. In applying the facts otherwise available, the Department has determined that an adverse inference is warranted pursuant to 776(b) of the Act because the Department has determined that these respondents failed to cooperate to the best of their ability. In this review, the Department requested additional information in a supplemental questionnaire from all producers/exporters covered by this administrative review. However, Jawwad Industries and Sultex did not respond to the supplemental questionnaire.

The Department finds that by not providing the necessary responses to the supplemental questionnaire issued by the Department, Jawwad Industries and Sultex have failed to cooperate to the best of their ability. Neither company cited any reason for their failure to respond. Therefore, in selecting facts available, the Department determines that an adverse inference is warranted.

Section 776(b) of the Act indicates that, when employing an adverse inference, the Department may rely upon information derived from (1) the petition; (2) a final determination in a countervailing duty or an antidumping

duty investigation; (3) any previous administrative review, new shipper review, expedited antidumping review, section 753 review; or (4) any other information placed on the record. See also 19 CFR section 351.308(c). As discussed further below, as adverse facts available, we are applying the highest calculated rate for the Sales Tax Rebate Program and the EFS program. Therefore, we preliminarily determine the *ad valorem* rate for Jawwad Industries and Sultex for the Sales Tax Rebate Program to be 1.72 percent *ad valorem*. We also preliminarily determine the *ad valorem* rate for Jawwad Industries for the EFS program to be 1.11 percent *ad valorem*.

These two respondents did not provide the Department with any information to calculate a subsidy rate for the Sales Tax Rebate Program. Under the Sales Tax Rebate program, the Central Bureau of Revenue provides a rebate of sales taxes on domestic inputs, in this case cotton yarn, used in the production of exported products. See *Cotton Shop Towels From Pakistan: Preliminary Results of Countervailing Duty Administrative Reviews*, 61 FR 50273, 50275 (September 25 1996) (1996 *Shop Towels*) and *Cotton Shop Towels From Pakistan: Final Results of Countervailing Duty Administrative Reviews*, 62 FR 24082, 24084 (May 2, 1997) (1997 *Shop Towels*).

Jawwad Industries and Sultex did not provide the amount of sales tax rebate that they received during the period of review (POR) under this program, however both did acknowledge that they received a sales tax rebate in their initial response. Therefore, we had to use facts available to determine the benefit provided to the respondent under this program. In applying the facts otherwise available, the Department has determined that an adverse inference is warranted pursuant to section 776(b) of the Act because the Department determined these respondents failed to cooperate to the best of their ability. As adverse facts available, we used the highest subsidy rate calculated for this program in these preliminary results of administrative review which is 1.72 percent *ad valorem*.

In addition, Jawwad Industries acknowledged in the initial questionnaire response that it received short-term financing under the EFS program, however, it did not provide any information regarding EFS loans received or outstanding during the POR. The Export Finance Scheme, which is administered by the State Bank of Pakistan, grants short-term loans at below-market interest rates to exporters.

The Department found this program countervailable in the investigation (*see Cotton Shop Towels from Pakistan: Final Affirmative Countervailing Duty Determination*, 49 FR 1408, 1410 (January 11, 1984)) and in all subsequent reviews. Therefore, we had to use facts available to determine the benefit provided to Jawwad Industries under this program. In applying the facts otherwise available, the Department has determined that an adverse inference is warranted pursuant to section 776(b) of the Act because the Department has determined that this respondent failed to cooperate to the best of its ability. As adverse facts available, we used the highest subsidy rate calculated for this program in these preliminary results of administrative review which is 1.11 percent *ad valorem*.

The rates do not constitute secondary information and the corroboration requirement of section 776(c) of the Act is not applicable.

### Analysis of Programs

#### I. Programs Preliminarily Determined to Confer Subsidies

##### A. Export Finance Scheme

The Export Finance Scheme (EFS), which is administered by the State Bank of Pakistan, grants short-term loans at below-market interest rates to exporters. The EFS has two parts. Under Part I, exporters may obtain financing on irrevocable letters of credit or firm export orders. Under Part II, exporters may obtain financing in the form of a credit line based upon the value of the previous year's eligible exports. The Department found this program countervailable in the investigation (*see Cotton Shop Towels from Pakistan: Final Affirmative Countervailing Duty Determination*, 49 FR 1408, 1410 (January 11, 1984)) and in all subsequent reviews. There has been no new information or evidence of changed circumstances in this review to warrant reconsideration of this program's countervailability.

During the current review period, cotton shop towel exporters made interest payments on loans obtained under the EFS. The interest rates ranged between 7 percent and 8 percent. Loan terms require payment within a maximum of 180 days. As our benchmark, we used the national average commercial rate for short-term credit which was reported by the Government of Pakistan (GOP). This rate was 13 percent during the period of review (POR). We used a national average interest rate because we could not calculate company-specific

benchmark rates because none of the respondents received short-term loans from commercial sources during the POR.

To calculate the benefit, we took the difference between the actual interest paid and the interest that would have been paid at the rates charged on comparable commercial loans. (*See 1999 Shop Towels Preliminary*, 66 FR at 18445). We then divided the benefit derived from the EFS loans by the respective companies' export sales values. Jawwad Industries did not provide information regarding its short-term loans. Therefore, pursuant to sections 776(a)(2)(A) and 776(b) of the Act, we are using as facts available the highest rate calculated for this program in these preliminary results. On this basis, we preliminarily determine the net subsidy from this program during the period of review to be the following:

Company	Ad Valorem Rate
Mehtabi .....	0.15 %
Quality .....	0.15 %
Fabrico .....	0.15 %
Ranjha .....	0.15 %
Ifitkhar .....	0.15 %
Faislamabad .....	0.15 %
Shahi .....	0.00 %
United .....	1.11 %
R.I. ....	1.11 %
Univeral .....	1.11 %
Ishaq .....	1.11 %
Jawwad .....	1.11 %
Silver .....	0.00 %
Sultex .....	0.00 %

Shahi, Silver, and Sultex did not use this program during the period of review.

##### B. Sales Tax Program

The Central Bureau of Revenue administers the rebate of sales taxes on both domestic and imported inputs used in exported products. The sales tax rebate is on the f.o.b. value of the total exports. In the investigation and subsequent reviews, we found this program countervailable because the GOP failed to establish the requisite linkage and comparison between taxes paid and rebates provided. *See Preliminary Results of Countervailing Duty Administrative Review: Cotton Shop Towels from Pakistan*, 58 FR 32104, 32105 (June 8, 1993) and *Final Results of Countervailing Duty Administrative Review: Cotton Shop Towels from Pakistan*, 58 FR 48038 (September 14, 1993), and *1999 Shop Towels Preliminary*, 66 FR at 18445. In this review, the GOP did not provide new information to establish the required linkage between the rebates given and the indirect tax incurred.

To calculate the benefit for the sales tax rebate program, we divided the amount of sales tax rebated to each exporter/manufacturer by their total exports during the 2000 review period. Two companies, Jawwad Industries and Sultex, did not provide information regarding their sales tax rebate. Therefore, pursuant to sections 776(a)(2)(A) and 776(b) of the Act, we are using as facts available the highest rate calculated for this program in these preliminary results. On this basis, we preliminarily determine the benefit from the sales tax rebate to be the following:

Company	Ad Valorem Rate
Mehtabi .....	1.72 %
Quality .....	1.72 %
Fabrico .....	1.72 %
Ranjha .....	1.72 %
Ifitkhar .....	1.72 %
Faislamabad .....	1.72 %
Shahi .....	0.53 %
United .....	0.00 %
R.I. ....	0.00 %
Univeral .....	0.00 %
Ishaq .....	0.00 %
Jawwad Industries .....	1.72 %
Silver .....	0.05 %
Sultex .....	1.72 %

##### C. Customs Duty Rebate Program

The Central Bureau of Revenue administers this program and provides a customs duty rebate on imported inputs used in exported products. The customs duty rebate applicable to cotton shop towels during the review period was 1.70 percent *ad valorem* on all exports of this merchandise. All rebates are calculated on the f.o.b. value of the total exports. In the investigation and subsequent reviews, we found these programs countervailable because the GOP failed to establish the requisite linkage and comparison between the duties paid and the rebates provided. In this review, the GOP did not provide new information to establish the required linkage between the rebates given and the indirect tax incurred. Therefore, we preliminarily determine that the GOP provides the custom duty rebates without regard to specific duties incurred in the production of shop towels and that the full amount of these rebates are countervailable because these rebates are contingent upon export performance. *See Preliminary Results of Countervailing Duty Administrative Review: Cotton Shop Towels from Pakistan*, 58 FR at 32105 (June 8, 1993), and *Final Results of Countervailing Duty Administrative Review: Cotton Shop Towels from Pakistan*, 58 FR at 48038 (September 14, 1993), and *1999 Shop Towels*, 66 FR at 18446.

For the customs duty rebate program, the cash rebates are earned on a sale-by-sale basis, and a firm can precisely calculate the amount of rebate it will receive for each export sale at the moment the sale is made. Because the amount of these rebates is known at the time of export, we calculate the benefit from this rebate program on an "as-earned" basis for all exporters.

For the customs duty rebate program, we used the rate applicable to cotton shop towels as shown in *The Gazette of Pakistan* the official GOP publication of standard duty drawback notification (SRO-172(I)/99 dated March 1999), which was 1.70 percent *ad valorem* during the POR. Therefore, the benefit for the customs duty rebate during the 2000 review period for exporters of shop towels is the following:

Company	Ad Valorem Rate
All companies .....	1.70%

## II. Program Preliminarily Determined Not to Confer A Benefit

### A. Income Tax Reductions on Export Income

Section 80CC of the Income Tax Ordinance, 1979, as amended by Finance Act, 1999, requires commercial banks to withhold income tax on all foreign exchange proceeds earned by exporters. The amount withheld becomes the company's final tax liability irrespective of whether the company is profitable. This tax is paid by the exporters in lieu of yearly corporate income taxes. For shop towel exporters, the tax rate was 0.50 percent of total export earnings through June 30, 2000. As of July 1, 2000, this tax rate increased to 0.75 percent of total export earnings. This program was found countervailable in *1997 Shop Towels*, (62 FR at 24084) and *1999 Shop Towels Preliminary*, 66 FR at 18446. As noted above, the shop towel exporters pay this "export" tax instead of paying yearly corporate income taxes. Under the Department's standard tax methodology, the benefit from the Income Tax Reduction Program would be the difference in the amount of income taxes the company would have paid absent this program. This amount would be the difference in income taxes the company would have paid under Pakistan's corporate tax law and the actual amount of taxes the company paid under the Income Tax Reduction Program. To determine whether the respondents benefitted from this program, we first calculated the income tax which would have been paid using the corporate tax rate of 35 percent

which is levied on a company's net profit. We then compared what the company would have paid in income taxes to the actual amount of taxes which they paid under this program. Using this methodology, we determined that the actual amount of taxes paid under this program was higher than the amount the respondents would have paid in income taxes. Thus, the companies did not receive a reduction in income taxes under this program during the POR. Therefore, we preliminarily determine that this program did not confer a benefit during the POR.

### III. Programs Preliminarily Determined To Be Not Used

- A. Rebate of Excise Duty
- B. Export Credit Insurance
- C. Import Duty Rebates

### Preliminary Results of Review

In accordance with 19 CFR 351.221(b)(4)(i), we calculated an individual subsidy rate for each producer/exporter subject to this administrative review. For the period January 1, 2000, through December 31, 2000, we preliminarily determine the net subsidy to be the following:

Company	Ad Valorem Rate
Mehtabi .....	3.57%
Quality .....	3.57%
Fabrico .....	3.57%
Ranjha .....	3.57%
Ifitkhar .....	3.57%
Faisalabad .....	3.57%
Shahi .....	2.23%
United .....	2.81%
R.I. ....	2.81%
Univeral .....	2.81%
Ishaq .....	2.81%
Jawwad Industries .....	4.53%
Silver .....	1.75%
Sultex .....	3.42%

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 the rates listed above, as a percentage of the f.o.b. invoice price on shipments from the above companies entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this review.

Because the URAA replaced the general rule in favor of a country-wide rate with a general rule in favor of individual rates for investigated and reviewed companies, the procedures for establishing countervailing duty rates, including those for non-reviewed companies, are now essentially the same as those in antidumping cases, except as provided for in section 777A(e)(2)(B) of

the Act. The requested review will normally cover only those companies specifically named. See 19 CFR 351.213(b). Pursuant to 19 CFR 351.212(c), for all companies for which a review was not requested, duties must be assessed at the cash deposit rate, and cash deposits must continue to be collected, at the rate previously determined. As such, the countervailing duty cash deposit rate applicable to a company can no longer change, except pursuant to a request for a review of that company. See *Federal-Mogul Corporation and The Torrington Company v. United States*, 822 F. Supp. 782 (CIT 1993) and *Floral Trade Council v. United States*, 822 F. Supp. 766 (CIT 1993). Therefore, the cash deposit rates for all companies except those covered by this review will be unchanged by the results of this review.

We will instruct Customs to continue to collect cash deposits for non-reviewed companies at the most recent company-specific or country-wide rate applicable to the company. Accordingly, the cash deposit rates that will be applied to non-reviewed companies covered by this order are those established in the most recently completed administrative proceeding conducted under the URAA. If such a review has not been conducted, the rate established in the most recently completed administrative proceeding pursuant to the statutory provisions that were in effect prior to the URAA amendments is applicable. These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested. In addition, for the period January 1, 2000, through December 31, 2000, the assessment rates applicable to all non-reviewed companies covered by this order are the cash deposit rates in effect at the time of entry.

### 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, interested parties may submit written comments in response to these preliminary results. Unless otherwise indicated by the Department, case briefs must be submitted within 30 days after the date of publication of this notice, and rebuttal briefs, limited to arguments raised in case briefs, must be submitted no later than five days after the time limit for filing case briefs, unless otherwise specified by the Department.

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

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

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

Dated: April 1, 2002.

**Faryar Shirzad,**

*Assistant Secretary for Import Administration.*

[FR Doc. 02-8444 Filed 4-5-02; 8:45 am]

**BILLING CODE 3510-DS-S**

## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-475-819]

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

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

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

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

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

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

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

**EFFECTIVE DATE:** April 8, 2002.

#### **FOR FURTHER INFORMATION CONTACT:**

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

#### **SUPPLEMENTARY INFORMATION:**

#### **Applicable Statute and Regulations**

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

#### **Case History**

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

This administrative review of the order covers the following producers/

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

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

#### **Partial Rescission**

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

#### **Scope of the Review**

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

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

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