investigation, or in any other way defective. See NTN Bearing Corp. v. United States, 747 F. Supp. 726 (CIT 1990). We revised the petitioners' proposed scope to eliminate channel of trade as a scope criterion in order to ensure that it would be clear and administrable.

The scope of these investigations consists of certain non-egg dry pasta in packages of five pounds (or 2.27 kilograms) or less, whether or not enriched or fortified or containing milk or other optional ingredients such as chopped vegetables, vegetable purees, milk, gluten, diastases, vitamins, coloring and flavorings, and up to two percent egg white. The pasta covered by 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 these investigations are refrigerated, frozen, or canned pastas, as well as all forms of egg pasta, with the exception of non-egg dry pasta containing up to two percent

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

Allegation of Subsidies

Section 702(b) of the Act requires the Department to initiate a countervailing duty proceeding whenever an interested party files a petition, on behalf of an industry, that (1) alleges the elements necessary for an imposition of a duty under section 701(a), and (2) is accompanied by information reasonably available to petitioners supporting the allegations.

Initiation of Countervailing Duty Investigations

The Department has examined the petition on pasta from Italy and Turkey and found that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating countervailing duty investigations to determine whether manufacturers, producers, or exporters of pasta from Italy and Turkey receive subsidies.

A. Italy

We are including in our investigation the following programs alleged in the petition to have provided subsidies to producers of the subject merchandise in Italy:

- 1. Law 675/77—Capital Grants
- 2. Law 675/77—VAT Reductions
- 3. Laws 227/77, 394/81, and 304/90— Preferential Export Financing and Export Promotion
- 4. Law 64/86—Industrial Investment Development Assistance
- 5. ILOR & IRPEG Tax Exemptions
- 6. Law 345/92—Social Security Exemptions
- 7. Law 1329/65—Interest Contributions Under the Sabatini Law
- 8. Law 181—Urban Redevelopment Packages
- 9. Pasta Export Restitution Program
- 10. European Regional Development Fund ("ERDF") Aid
- 11. European Social Fund ("ESF") Aid
- 12. Miscellaneous EU Subsidies

We are not including in our investigation the following programs alleged to be benefitting producers of the subject merchandise in Italy:

1. Law 675/77—Interest Contributions on Bank Loans, Interest Grants for Loans Financed by IRI Bond Issues, Ministry of Industry Mortgage Loans, and Personnel Retraining Grants

Law 675 has been investigated and found countervailable in prior investigations, i.e., Final Affirmative Countervailing Duty Determination: Certain Steel from Italy (58 FR 37327, July 9, 1993 ("Certain Steel") and Final Affirmative Countervailing Duty Determination: Grain-Oriented Electrical Steel from Italy (59 FR 18357, April 18, 1994) ("GOES"). However, the determination of countervailability in those cases was based on a finding that the automobile and steel industries were dominant users of Law 675 benefits. In Certain Steel, the Department verified that the steel and automobile industries together accounted for 66 percent of the total assistance provided under Law 675. The remaining portion of the benefits provided under this law were spread among nine other industries. Petitioners have noted that the agro-food industry is one of the other nine industries which received benefits. However, petitioners have not provided any basis to believe or suspect that the pasta industry, in particular, was a dominant user; nor have they provided any other basis to believe that benefits under this program are specific to the pasta industry. For these reasons, we are not including the above-named portions of Law 675 in our investigation.1

2. Law 796/76—Exchange Rate Guarantee Program

Law 796 provides exchange rate guarantees on foreign currency loans obtained under ECSC Article 54 and/or the Council of European Resettlement ("CER") Fund. This program has been investigated in the past and has been found countervailable on the basis of dominant use by the steel industry (see, Preliminary Affirmative Countervailing Duty Determination: Oil Country Tubular Goods From Italy, (59 FR 61870)). In that case, the information provided by the GOI showed that the steel industry received 25 percent of the benefits under this program. Petitioners have alleged that because CER loans are available to agriculture, tourism, and handicraft, pasta producers may have received benefits under this program. However, petitioners have not provided any basis to believe or suspect that the pasta industry, in particular, was a dominant user; nor have they provided any other bases to believe that benefits under this program are specific to the pasta industry. Moreover, in accordance with section 355.43(b)(8) of our Countervailing Duties: Notice of Proposed Rulemaking and Request for Public Comments, 54 FR 23366 (May 31, 1989) (Proposed Regulations), a program cannot be found specific solely on the basis of being limited to agriculture. Therefore, we are not including this program in our investigation.

Although the Department has withdrawn the *Proposed Regulations*, references to the *Proposed Regulations* are provided for further explanation of the Department's CVD practice.

3. Council of Europe Resettlement ("CER") Loans

In their discussion of the Exchange Rate Guarantee program, petitioners request that the Department initiate an investigation of CER loans independent of the Exchange Rate Guarantee program to determine whether CER funds are provided at preferential rates or otherwise provide a benefit to recipient companies. However, petitioners have neither provided evidence that CER loans are provided at preferential rates nor provided evidence that these loans are specific to the pasta industry. For these reasons, we are not including CER loans in our investigation.

4. Law 46/82—Research and Development Grants

This program was found to be not countervailable in *GOES*, because benefits under the program are not

¹Two types of benefits under this program, (*i.e.*, Capital Grants and VAT Reductions) were found in *GOES* to be available only in the Mezzogiorno region of Italy, making them regionally specific.

Therefore, we have included those benefits under Law 675 in our investigation, as indicated above.