

encourage exports of wheat flour. This program provides exporters of wheat flour \$35 per ton, for up to 20 percent of the total value of the exports. Petitioners assert that because the program is available for one wheat product, wheat flour, it is likely to be provided also for other wheat-based products.

Petitioners based their allegation on information contained in the 1995 *Annual Report of Grain and Feed*, prepared by the American Embassy in Ankara. This publication provides no evidence that pasta producers are eligible for benefits under this program. Therefore, we are not including this program in our investigation.

### 3. Rebates of Various Taxes Upon Exportation

Petitioners allege that the GOT imposes a three percent customs duty on imported durum wheat, a raw material used in the production of pasta. Manufacturers are allowed to claim duty drawback from the Customs and Excise Authority for customs duties levied on raw materials which are used in the manufacture of exported goods and packaging materials. Petitioners allege that this drawback may be the same program that was found countervailable in both *Aspirin* and *Pipe and Tube*. Petitioners acknowledge that during the 1980's the GOT reduced the rebate rates in line with current economic policies. However, petitioners assert that there is a lack of correlation between the taxes actually paid and amounts rebated, and therefore, the Department should investigate this program.

Although petitioners' public summary of its market research describes this program as a duty drawback program, petitioners' other sources refer to an export tax rebate program. To the extent that this is an export tax rebate, we note that one of the publications petitioners used to support their allegation indicates that tax rebate rates for exports were reduced during the 1980's, and in 1989 the rates were reduced to zero. In fact, we determined the export tax rebate program to be terminated for exports of aspirin to the United States in *Aspirin*. Moreover, because the *Pipe and Tube* and *Aspirin* investigations involved tax rebates, not duty drawback, we have no reason to believe or suspect that these programs are related.

Finally, to the extent that this is a duty drawback program, we do not consider duty drawback on inputs consumed in production of the exported product to be countervailable subsidies unless excessive. We have no basis to believe or suspect that the duty drawback is excessive. For the foregoing

reasons, we are not including this program in our investigation.

### 4. Supplemental Tax Rebates

Petitioners allege that the GOT provides supplemental tax rebates to exporters that have annual exports of more than \$2 million, with the rate of rebate increasing as the value of a company's annual exports increases. These supplemental tax rebates are provided in addition to the export tax rebates described in 3. above.

This program was found countervailable in *Aspirin*. However, we also determined in *Aspirin* that the program had been terminated for exports of aspirin to the United States. Further, as indicated above, one of petitioners' sources indicates that tax rebate rates for exports were reduced to zero in 1989. Given these circumstances, and given that we treated the Supplemental Tax Rebate program as related to the Export Tax Rebate program (discussed immediately above), petitioners have not provided a sufficient basis to believe that the Supplemental Tax Rebate program remains in existence. On this basis, we are not including this program in our investigation.

### 5. Foreign Exchange Risk Insurance Scheme

Petitioners allege that in 1984 the GOT established the Foreign Exchange Risk Insurance Scheme to encourage domestic producers to obtain financing for the importation of capital goods. This scheme allegedly provided insurance against foreign exchange losses which was not otherwise available in the market.

Because the program is aimed at importation of capital equipment, it does not appear to be limited to exporters or any industry or group of industries in particular. Since petitioners have provided no information which indicates that this program provides benefits to a specific enterprise or industry or group of enterprises or industries, we are not including this program in our investigation.

### 6. Provision of Wheat to Beslen

Petitioners assert that the GOT, through the Soil Crops Corporation ("TMO"), became a joint venture partner in pasta producer Beslen Makarna Gıda Sanayi ve Ticaret ("Beslen"). In return for providing the company with a quantity of its durum wheat, TMO was given a 45 percent equity stake in the company. Petitioners request that the Department investigate this arrangement to determine whether

the provision of durum wheat by TMO constitutes an equity infusion into an unequityworthy company. If the Department treats Beslen as equityworthy, petitioners request that the Department investigate whether the equity stake obtained by TMO was adequate remuneration for the quantity of wheat provided under the arrangement.

Petitioners have provided no basis for considering this transaction to involve a subsidy. Petitioners have simply asked the Department to investigate whether TMO made an equity infusion into an unequityworthy company, without providing any evidence that the government's investment was inconsistent with the usual investment practices of private investors, including the practice regarding the provision of risk capital in Turkey. Similarly, petitioners have asked the Department to investigate whether TMO paid adequate remuneration, without providing any evidence regarding this matter. Because petitioners have not provided sufficient evidence to support their allegations, we are not including the provision of wheat to Beslen in our investigation.

### 7. Aid From the European Union

Petitioners assert that Turkey is an associate member of the EU, and as such, is eligible for aid from the EU. Petitioners have provided the 1993 European Investment Bank Annual Report which lists amounts for loans and grant aid going to Turkey (as well as Syria, Egypt, Lebanon, and other Mediterranean countries).

We have established that Turkey is an associate member of the EU. However, associate members of the EU are not part of the customs union known as the EU. Benefits conferred upon Turkish products from entities outside Turkey do not constitute subsidies within the meaning of sections 701(a) and 771(3) of the Act (see also General Issues Appendix to *Final Affirmative Countervailing Duty Determination: Certain Steel Products from Austria* (58 FR 37217, 37233, July 9, 1993) ("*General Issues Appendix*"). On this basis, we are not including EU aid in our investigation.

### 8. Exemption From Mass Housing Fund Levy (Duty Drawback)

The GOT imposes a Mass Housing Fund levy on the importation of certain raw materials and finished or semifinished goods. For wheat, this levy amounted to \$100 per metric ton. Petitioners have analyzed this part of the program as a duty drawback scheme.