

702(c)(4)(A) of the Act, the petition contains adequate evidence of industry support and, therefore, polling is unnecessary. *See Countervailing Duties Investigation Initiation Checklist: Allura Red from India*, Industry Support section, March 24, 2003 (*CVD Initiation Checklist*), on file in the Central Records Unit, room B-099 of the main Department of Commerce building.

We determine, based on information provided in the petition, that petitioner has demonstrated industry support representing over 50 percent of total production of the domestic like product, consisting of petitioner and another U.S. producer of Allura Red, Noveon, Inc. Therefore, the domestic producers or workers who support the petitions account for at least 25 percent of the total production of the domestic like product, and the requirements of section 732(c)(4)(A)(i) of the Act are met. Furthermore, because the Department received no opposition to the petition, the domestic producers or workers who support the petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the petition. Thus, the requirements of section 702(c)(4)(A)(ii) are also met. Accordingly, the Department determines that the petition was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act. *See CVD Initiation Checklist.*

Injury Test

Because India is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Act, section 701(a)(2) applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from India materially injure, or threaten material injury to, a U.S. industry.

Allegations 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.

We are initiating an investigation of the following programs alleged in the petition to have provided countervailable subsidies to manufacturers, producers and exporters of the subject merchandise in India (a full description of each program is

provided in the *CVD Initiation Checklist*):

A. Government of India (GOI) Programs

1. Pre-Shipment and Post-Shipment Export Financing
2. Income Tax Exemption Scheme
3. Advance Licenses
4. GOI Loan Guarantees
5. Export Promotion Capital Goods Scheme (EPCGS)
6. Market Access Initiative (MAI)
7. The Duty Entitlement Passbook Scheme (DEPB)/ Post-Export Credits
8. Exemption of Export Credit from Interest Taxes
9. Re-discounting of Export Bills Abroad (EBR)
10. Special Imprest Licenses

B. Programs in the State of Maharashtra

1. Sales Tax Incentives
2. Capital Incentive Scheme
3. Electricity Duty Exemption Scheme
4. Waiving of Loan Interest by SICOM Limited

C. Program in the State of Uttar Pradesh Capital Incentive Scheme

We are not including in our investigation the following programs alleged to be benefitting producers and exporters of the subject merchandise in India. The full discussion of our bases for not initiating on these programs is set forth in the *CVD Initiation Checklist*:

A. Government of India (GOI) Programs

1. Special Import Licenses (SILs)
2. Export Processing Zones/Export-Oriented Units Program
3. Income Tax Exemption Scheme (Sections 10A and 10B)
4. Duty Drawback on Excise Taxes
5. Import Duty Exemptions on Capital Equipment Purchases
6. Programs Operated by the Small Industries Development Bank of India
7. Supply of Raw Materials at Subsidized Prices

B. Program in the State of Gujarat Infrastructure Assistance Scheme

C. Program in the State of Orissa Subsidies Provided by the State of Orissa

D. Program in the State of Madhya Pradesh

Regional Benefits to New Facilities in Madhya Pradesh

Allegations and Evidence of Material Injury and Causation

Petitioner alleges that the U.S. industry producing the domestic like product is being materially injured, or threatened with material injury, by

reason of subsidized imports from India of the subject merchandise. Petitioner contends that the industry's injured condition is evident in the reduced levels of production and capacity utilization, decline in profits, decline in research and development, decreased U.S. market share, lost sales and revenue, and price suppression and depression. The allegations of injury and causation are supported by relevant evidence including lost sales and pricing information. We have assessed the allegations and supporting evidence regarding material injury and causation, and have determined that these allegations are properly supported by accurate and adequate evidence and meet the statutory requirements for initiation. *See CVD Initiation Checklist.*

Initiation of Countervailing Duty Investigation

Based on our examination of the petition on Allura Red and petitioner's responses to our requests for supplemental information clarifying the petition, we have found that the petition meets the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters of Allura Red from India receive countervailable subsidies. Unless the deadline is extended, we will make our preliminary determination no later than 65 days after the date of this initiation.

Distribution of Copies of the Petition

In accordance with section 702(b)(4)(A)(i) of the Act, a copy of the public version of the petition has been provided to the representatives of the government of India. We will attempt to provide a copy of the public version of the petition to each exporter named in the petition, as provided for under 19 CFR 351.203(c)(2).

International Trade Commission Notification

Pursuant to section 702(d) of the Act, we have notified the ITC of our initiation.

Preliminary Determination by the ITC

The ITC will determine, no later than April 18, 2003, whether there is a reasonable indication that imports of Allura Red from India are materially injuring, or threatening material injury to, a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.