

Administration, to Barbara P. Sidari, Vice President, Joseph A. Sidari Company, Inc., which is on file 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 may be within the scope of the countervailing duty order. 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 countervailing duty order. (See May 24, 1999 memorandum from John Brinkmann to Richard Moreland, which is on file in the CRU.)

Period of Review

The period of review ("POR") for which we are measuring subsidies is from January 1, 2001, through December 31, 2001.

Attribution of Subsidies

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 and 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 section 351.525(b)(6)(i) and (ii) of the Department's regulations, we are attributing subsidies received by Pastificio and Pescara to the combined sales of both.

IAPC: IAPC has no affiliated companies located in Italy, and has therefore responded only on its own behalf.

Subsidies Valuation Information

Benchmarks for Long-term Loans and Discount Rates: In accordance with sections 351.505(a)(1) and 351.524(d)(3) of the Department's regulations, we have used the amount the company actually paid on comparable commercial loans as the benchmark/

discount rate, when the company had commercial loans in the same year as the government loan or grant. However, there were several instances where a company did not take out any loans which could be used as benchmarks/ discount rates in the years in which the government grants or loans under review were received. In these instances, consistent with section 351.505(a)(3)(ii) of the Department's regulations, we used a national average interest rate for a comparable commercial loan. Specifically, 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, as the benchmark interest rate for long-term loans and as the discount rate. For subsidies received in 1995 and later, we used the Italian Bankers' Association ("ABI") interest rate, increased by the average spread charged by banks on loans to commercial customers plus an amount for bank charges.

Allocation Period: In the *Final Affirmative Countervailing Duty Determination: Certain Pasta from Italy*, 61 FR 30288, June 14, 1996, ("Pasta Investigation"), the Department used as the allocation period for non-recurring subsidies the average useful life ("AUL") of renewable physical assets in the food-processing industry as recorded in the Internal Revenue Service's 1977 Class Life Asset Depreciation Range System ("the IRS tables"), i.e., 12 years. However, the U.S. Court of International Trade ("CIT") ruled against this allocation methodology for non-recurring subsidies (see *British Steel plc v. United States*, 879 F.Supp. 1254, 1289 (CIT 1995) ("British Steel I")). In accordance with the CIT's remand order, the Department determined that the most reasonable method of deriving the allocation period for non-recurring subsidies was a company-specific AUL of renewable physical assets. This remand determination was affirmed by the CIT on June 4, 1996 (see *British Steel plc v. United States*, 929 F.Supp. 426, 439 (CIT 1996) ("British Steel II")).

Consistent with the ruling in *British Steel II*, we developed company-specific AULs in the first and second administrative reviews of this order (see *Certain Pasta from Italy: Final Results of Countervailing Duty Administrative Review*, 63 FR 43905, 43906, August 17, 1998 ("First Review—Final Results") and *Certain Pasta from Italy: Final Results of the Second Countervailing Duty Administrative Review*, 64 FR 44489, 44490–91, August 16, 1999 ("Second Review—Final Results"). We

used these company-specific AULs to allocate any non-recurring subsidies that were not countervailed in the investigation. However, for non-recurring subsidies which had already been countervailed in the investigation, the Department used the original allocation period, i.e., 12 years, because it was deemed neither reasonable nor practicable to reallocate those subsidies over a different time period. This methodology was consistent with our approach in *Certain Carbon Steel Products from Sweden: Final Results of Countervailing Duty Administrative Review*, 62 FR 16549 (April 7, 1997).

The third review of this order was subject to section 351.524(d)(2) of the Department's regulations. Under this regulation, the Department will use the AUL in the IRS tables as the allocation period, unless a party can show that the IRS tables do not reasonably reflect the company-specific AUL or the country-wide AUL for the industry. If a party can show that either of these time periods differs from the AUL in the IRS tables by one year or more, the Department will use the company-specific AUL or the country-wide AUL for the industry as the allocation period. In *Certain Pasta from Italy: Final Results of Third Administrative Review*, 66 FR 11269, February 23, 2001 ("Third Review—Final Results"), all subsidies received in the POR were assigned a 12-year allocation period, consistent with the IRS tables.

In the fifth review, no respondent has contested the 12-year AUL in the IRS tables. Therefore, we are assigning a 12-year allocation period to non-recurring subsidies received in the POR, as well as any non-recurring subsidies received in prior years by companies that were not included in previous reviews.

Analysis of Programs

I. Programs Preliminarily Determined to Confer Subsidies

1. Law 64/86 Industrial Development Grants

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. (Loans were also provided under Law 64/86; see below.) In 1992, the Italian Parliament