

production that has theretofore been available in the area. Examples of such projects are as follows:

- (a) Projects designed to replace capacity recently destroyed by flood, fire, wind, or other accident.
 - (b) Projects designed to assure the retention of existing capacity and employment. An example of such a project would be the construction of a sewage processing facility to serve an existing industry, necessitated by new regulations concerning disposal of waste into public waters.
 - (c) Projects for the rebuilding of displaced facilities within the same market area, where no significant expansion is involved.
- (2) No Section 702 study is required for public works projects which are designed primarily for the benefit of a community or area as a whole or for general industrial or commercial purposes, rather than for a particular industry.

Section 8. Procedures for making a section 702 study

(1) A Section 702 study requires the same procedures whether it is for a business development loan project or a public works project. Business development loan applicants are required to furnish to the Area Office all data in items *a* and *b* below. When there is a single primary beneficiary of a public works project, the Area Office obtains from such beneficiary as much of the information in items *a* and *b* below as possible.

a. project information

The Area Office shall obtain and include in the project file the following information for use by the Washington Office in making a Section 702 determination:

1. Information regarding applicant's or beneficiary's operation:
 - (a) Detailed descriptions of all products now being or to be manufactured, including Standard Industrial Classification (Bureau of the Census) numbers wherever possible.
 - (b) Estimated annual total volume or value of shipments.
 - (c) Estimated production tonnages expected or number of pieces per item produced annually.
 - (d) Detailed information on the market areas to be served:
 - (1) Specific purchasers.
 - (2) Local market.
 - (3) Regional or area markets.
 - (4) National or international markets.
 - (e) Distribution system (own truck fleet, motor carriers, rail, etc.)
 - (f) If it is an existing plant, in addition to the data above, the amount of expansion planned:
 - (1) Numbers of existing and new jobs.
 - (2) Increases in production.
 - (3) Changes in range of products and markets.
 - (g) If the project involves a new plant, in addition to the data in items (a) through (e) above, the numbers of new jobs.
2. Competition:
 - (a) Firms already in the market area manufacturing products which are competitive and, where possible, an evaluation of the quality of their plants, equipment, and products.
 - (b) Plants under construction in the area which are expected to manufacture competitive products.
 - (c) Other competitors, wherever possible.
3. Any other factors which might have a bearing on a Section 702 determination should be furnished.

In the event that the Area Office anticipates a possible violation of Section 702, it shall, prior to forwarding the entire file to Washington, send separate copies of all pertinent data to the designee of the Deputy Assistant Secretary for Economic Development Operations in order to allow maximum time for the Washington Office to make a Section 702 study. In the case of business loans, notification of any possible violation shall be included as part of the "Preliminary Project Evaluation Report" forwarded to Washington.

b. Industry Information

All business development loan and public works applications received from the Area Office shall be reviewed for acceptability under Section 702 by the Deputy Assistant Secretary for Economic Development Operations, or his designee, who shall decide whether a Section 702 study is necessary. If he deems such a study to be necessary, he shall promptly submit a written request to the Deputy Assistant