

# WORLD TRADE ORGANIZATION

G/AG/N/CRI/4

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(98-0968)

Committee on Agriculture

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## NOTIFICATION

On 24 February 1998, the following notification concerning export subsidy commitments (Tables ES:1 and ES:3) for the years 1995 and 1996 was received from the Permanent Mission of Costa Rica. This was accompanied by a provisional notification for the year 1997.

Pursuant to Articles 10 and 18:2 of the Agreement on Agriculture, the Government of the Republic of Costa Rica notifies with respect to the export subsidy limitation commitments for 1995, 1996 and 1997 that the export incentive system basically consists of the Tax Credit Certificate (CAT). As the CAT represents a percentage of the value of exports, it is not feasible to establish a reduction commitment for Government outlays under this heading. This situation also applies in the case of the income tax exemption incentive that expired on 30 September 1996. Nevertheless, the commitment to reduce the percentage of the CAT granted by the State, and the commitment to eliminate the income tax exemption, both fall within the spirit of agricultural trade liberalization and substantially fulfil the objectives set in the Uruguay Round.

It is important to point out that there is a timetable for phasing out these programmes: in a first stage the incentives were partially eliminated on 30 September 1996, and in a second stage they will be totally eliminated by 30 September 1999.

With regard to the reduction commitments relating to export subsidies under the Tax Credit Certificate (CAT), the Government of the Republic of Costa Rica notifies that approximately US\$94.02 million were assigned as export subsidies during 1995, approximately US\$114.52 million during 1996 and approximately US\$46.88<sup>1</sup> during 1997. The amount of the subsidy corresponds to the entire amount assigned regardless of country of destination. The CAT is currently granted to non-traditional exports (all products with the exception of bananas, coffee, sugar and meat) exported to third markets (all countries other than Central American countries).

Pursuant to Articles 10 and 18:2 of the Agreement on Agriculture, the Government of the Republic of Costa Rica notifies that there were no exports for international food aid purposes (Table ES:3) in 1995, 1996 and 1997.

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<sup>1</sup>Up to June 1997.