

# WORLD TRADE ORGANIZATION

RESTRICTED

**G/SCM/Q2/AUS/18**

2 November 2000

(00-4598)

**Committee on Subsidies  
and Countervailing Measures**

Original: English

## **SUBSIDIES**

Replies to Questions Posed by the EUROPEAN COMMUNITY<sup>1</sup>  
Regarding the New and Full and Updating Notification of AUSTRALIA<sup>2</sup>

The following communication, dated 1 November 2000, has been received from the Permanent Mission of Australia.

## **FEDERAL PROGRAMMES**

### **Question:**

#### **(1) Textiles**

The programme Textile Clothing and Footwear Import Credits Scheme is not mentioned in the notification to the WTO.

The European Community in Regulation 978/2000 imposing countervailing duties on imports of polyester staple fibres (PSF) found this scheme to be countervailable. The Regulation explained that it is a subsidy since it involves a financial contribution in the form of import duty foregone which confers a benefit on the recipient. This scheme is an export subsidy since the benefit is calculated on the basis of export sales and therefore contingent upon export performance. This programme is part of the Textile, Clothing and Footwear Plan (TCFP), and it seems that it should be included in the Australian notification.

Australia is requested to notify this scheme in accordance with Article 25 of the SCM Agreement, or explain why its notification is not required.

### **Response:**

The Textile Clothing and Footwear (TCF) Import Credits Scheme ceased on 30 June 2000.

Australia notes that in regard to the countervailing duties on imports of polyester staple fibre (PSF), PSF was not an eligible product under the Import Credits Scheme. Any import credits received by the company investigated were not for polyester staple fibre.

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<sup>1</sup> G/SCM/Q2/AUS/15

<sup>2</sup> G/SCM/N/38/AUS-G/SCM/N/48/AUS

**Question:**

**(2) Passenger Motor Vehicle (PMV) Export Facilitation Scheme**

It seems that this scheme follows the same approach as the Textile, Clothing and Footwear Import Credits Scheme in that it provides for exemption from import duty on condition that firms export and use domestic goods. It appears that it does enable industry to make significant inroads into the exports market as external trade data reported that the exports of PMV doubled between 1995/96 and 1997/98.

Australia is requested to notify this scheme in accordance with Article 25 of the SCM Agreement, or explain why its notification is not required.

**Response:**

As explained in G/SCM/Q2/AUS/10 and G/SCM/Q2/AUS/14, this programme is not notifiable under the SCM Agreement.

Australia notes that the scheme terminates on 31 December 2000.

**Question:**

**(3) Export Market Development Grants Scheme**

The European Community in Regulation 978/2000 imposing countervailing duties on imports of polyester staple fibres (PSF) analysed this scheme, established by the Export Market Development Grants Scheme Act of 1997, as involving a financial contribution by the Government of Australia in the form of a grant which confers a benefit on the recipient. This subsidy is an export subsidy since the subsidy is in fact tied to anticipated export earnings because the grant is given unless the company has planned export earnings.

Australia is requested to notify this scheme in accordance with Article 25 of the SCM Agreement, or explain why its notification is not required.

**Response:**

The Export Market Development Grants (EMDG) Scheme is not a specific subsidy within the meaning of the WTO Agreement on Subsidies and Countervailing Measures. It is not notifiable under the SCM Agreement.

The EMDG Scheme assists with the development of an export culture and creating greater innovation within Australian business. It is an open access scheme governed by non-discretionary legislation that reimburses part of the expenses incurred by a business in promoting market development for goods, services, intellectual property or know how. Any type of firm from any industry may apply. Funding is not related to export performance.

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