

WORLD TRADE ORGANIZATION

RESTRICTED

G/SCM/Q2/ZAF/3

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Committee on Subsidies and Countervailing Duties

Original: English

SUBSIDIES

Questions from the EUROPEAN COMMUNITY Regarding the New and Full Notification of SOUTH AFRICA¹

The following communication, dated 25 September 1997, has been received from the Permanent Delegation of the European Commission.

South Africa submitted on 18 June 1997 its notification of subsidy programmes to the WTO pursuant to Article XVI:1 GATT 1994 and Article 25 of the WTO Subsidies Agreement.

In this respect, the Community would like to obtain clarification on a number of issues on the notified scheme as described below.

Moreover, the Community has obtained information on different subsidy schemes which were not notified to the WTO although their notification seems necessary pursuant to Article 25.2 of the Subsidies Agreement.

I. NOTIFIED SUBSIDY PROGRAMMES

(a) Low interest rate finance scheme

South Africa states that this programme is available to industrialists that will create new and/or additional capacity generating sales of which 30% or more is directed towards exports. This programme seems contingent upon export performance. In this respect, could South Africa give the timetable of how this subsidy will be phased out?

(b) World Player Scheme

Could South Africa explain what is meant by "manufacturers unduly affected by tariff reform"?

II. ADDITIONAL PROGRAMMES NOT NOTIFIED TO THE WTO

South Africa has not notified a number of programmes which appear to be notifiable under Article 25. The Community finds that the schemes described below provide a financial contribution which confers benefits to the local industry. In addition the schemes are clearly specific (as pertaining

¹G/SCM/N/3/ZAF-G/SCM/N/16/ZAF-G/SCM/N/25/ZAF.

to a specific sector or contingent upon exports). In addition to the specific questions asked, the Community would like clarification why these programmes were not notified to the WTO and requests that, if appropriate, South Africa supplies a notification under Article 25, using the standard format.

1. Regional Industrial Development Programme

Assistance is given in the form of an establishment grant for the first two years, a profit-based incentive for the following three years and a relocation incentive.

2. Simplified Regional Industrial Development Programme

3. General Export Incentive Scheme

4. The Export Marketing Assistance Schemes

This programme includes the primary export market research scheme and the inward buying trade mission scheme.

5. Tariff rebates or refunds of duties on the importation of raw materials and components used in the manufacturing process

6. Customs duties dispensation for the motor industry

7. Electricity tariff concessions: electricity intensive industries may obtain special tariffs with the relevant local authorities.