

**Committee on Subsidies
and Countervailing Measures**

Original: English

SUBSIDIES

Requests Pursuant to Article 27.4 of the Agreement
on Subsidies and Countervailing Measures

Questions Posed by the UNITED STATES
Regarding the Notification of ST. LUCIA¹

The following communication, dated 17 April 2002, has been received from the Permanent Mission of the United States.

The following questions are submitted with respect to the request for extension of the transition period for export subsidies under Article 27.4 of the Agreement on Subsidies and Countervailing Measures Agreement (ASCM). These questions are preliminary in nature and are submitted without prejudice to our final position. We reserve the right to ask further questions.

**Fiscal Incentives Act No. 15 of 1974
Micro and Small Scale Business Enterprises Act
Free Zone Act**

1. Because the benefits under these programmes can be for extended periods of time, please explain how St. Lucia would modify these programmes so that subsidies do not extend beyond any extension period provided.
2. Please provide the customs duty and internal tax rates companies would normally pay absent these programmes.
3. Please provide additional explanation regarding the Special Income Tax Concessions and tax credits in accordance with the number of nationals employed on a continuous basis under the Free Zone Act. How are these incentives determined and provided?
4. Could St. Lucia please explain whether any subsidies under these programmes are contingent upon the use of domestic goods? In particular, in light of the local value-added requirements of the Fiscal Incentive Act, please comment on whether this aspect of the programme constitutes a prohibited subsidy under Article 3.1(b) of the Agreement on Subsidies and Countervailing Measures.
5. Are the benefits provided under the Micro and Small Scale Business Enterprises Act contingent upon export performance?

¹ G/SCM/N/74/LCA, G/SCM/N/71/LCA

6. Could St. Lucia please explain whether it maintains any statistical information on the number of companies located in Free Zones, the industries represented by these companies, and the value and volume of exports from the Free Zone? If so, please provide that information.
