

SUBSIDIES

Questions from JAPAN Regarding the New
and Full Notification of KOREA¹

Revision

The following communication, dated 2 October 1996, has been received from the Permanent Mission of Japan.

(1) V.A. Reserves for export losses

Paragraph 1(b) of the notification defines the political purpose of this scheme as "to compensate for the loss of export business". In this connection, could Korea answer the following questions?

- Does this programme constitute an export subsidy provided for in Article 3.1(a) and paragraph 1(e) of the Annex (tax concession) to the SCM Agreement?
- Will this programme be notified under Article 28.1 of the SCM Agreement?
- Will this subsidy be phased out in accordance with Article 28.1 of the SCM Agreement?

(2) V.B. Reserves for overseas market development

Paragraph 1(b) of the notification defines the political purpose of this scheme as "to promote the overseas market development of a business earning foreign currency". In this connection, could Korea answer the following questions?

- Does this programme constitute an export subsidy provided for in Article 3.1(a) and paragraph 1(e) of the Annex (tax concession) to the SCM Agreement?
- Will this programme be notified under Article 28.1 of the SCM Agreement?

*English only.

¹G/SCM/N/3/KOR + Rev.1.

- Will this subsidy be phased out in accordance with Article 28.1 of the SCM Agreement?

(3) V.C. Facility investment loans provided by the SMEs foundation formation fund

Paragraph 1(b) of the notification defines the political purpose of this scheme as "to increase exports and enforce the international competitiveness of SMEs by promoting export-related investments in facilities". The criterion for qualification is provided for in 1(d)(ii) of the notification as "the SMEs that need facilities fund in order to produce export goods or materials and parts". In this connection, could Korea answer the following questions?

- Does this programme constitute an export subsidy provided for in Article 3.1 of the SCM Agreement?
- What are the criteria of the SMEs and the eligibility for this programme?

(4) V.E. Tax reduction and exemption for foreign invested enterprises

Paragraph 1(d)(ii) of the notification uses the term "foreign invested enterprises entering free export zones". Could Korea answer the following questions?

- What is the definition of "free export zones" in detail?
- Does this programme constitute an export subsidy provided for in Article 3.1(a) and paragraph 1(e) of the Annex (tax concession) to the SCM Agreement?

(5) V.F. Reduction in customs duty on parts of aircraft and vessels

Could Korea answer the following questions?

- What is the coverage of "Vessels"? Do "Vessels" include ships and automobiles?
- Is this subsidy available for aircraft and vessels for export?
- Is there any discrimination among the exporting countries of parts?

(6) V.H. Assistance programme to promote the spread of domestically produced mini-computers

Paragraph 1(b) of the notification defines the political purpose of this scheme as "to promote the use of the domestically manufactured mini-computer".

- Does this programme constitute a subsidy contingent upon the use of domestic over imported goods, provided for in Article 3.1(b)?
- What is the coverage of "mini-computers"?
- What is the examination criteria for the loan?