

WORLD TRADE ORGANIZATION

RESTRICTED

G/SCM/Q2/TUR/5

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(96-4078)

Committee on Subsidies and Countervailing Measures

Original: English

SUBSIDIES

Questions from the UNITED STATES Regarding the New and Full Notification of TURKEY¹

The following communication, dated 27 September 1996, has been received from the Permanent Mission of the United States.

Section I. General

Please provide information concerning the following programmes which did not appear to be included within Turkey's notification, yet may meet the notification requirements of GATT 1994 and/or the SCM Agreement. If these programmes are encompassed elsewhere in Turkey's notification, please explain. If not, please include information relevant to the elements requested in the notification format, or explain the basis on which Turkey determined that each programme did not meet the notification requirements referenced above:

(NOTE: Certain of the following programmes have been found to be countervailable subsidies in US countervailing duty proceedings involving products of Turkey, including certain dry pasta and acetylsalicylic acid (aspirin).)

A. Pasta Export Grants

Authority:	Central Bank of Turkey
Policy:	Export; cash grants and government promissory notes or bonds to exporters to develop Turkey's export potential

B. Free Wheat Programme

Legal Basis & Authority:	Established by Decree 93/4534 and administered by Turkish Grain Board
Policy:	Export; free wheat to companies that agree to export flour, pasta, semolina, or biscuits.

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C. Payments for Exports on Turkish Ships/State Aid for Exports Programme

Authority: Central Bank of Turkey

Policy: Export; cash grants or bonds based on the number of tons of product (processed goods) transported by sea.

D. Various Measures under the General Incentives Programmes (GIP), including:

1. Resource Utilization Support Fund
Policy: Promote domestic inputs; provides rebates of the 15 per cent VAT paid on domestically-sourced machinery and equipment.
2. Incentive Premium on Domestically Obtained Goods
Policy: Promote domestic inputs; provides companies holding investment incentive certificates under the GIP with rebates of the 15 per cent VAT paid on locally-sourced machinery and equipment plus a 10 per cent premium.
3. Interest Spread Return Programme
4. Investment Allowances
5. Mass Housing Fund Levy Exemptions
6. Customs Duty Exemptions
7. Rebate of VAT on Domestically-Sourced Machinery and Equipment
8. Additional Refunds of VAT
9. Postponement of VAT on Imported Goods
10. Other Tax Exemptions
11. Payment of Certain Obligations of Firms Undertaking Large Investments
12. Corporate Tax Deferral
13. Subsidized Turkish Lira Credit Facilities
14. Subsidized Credit for Proportion of Fixed Expenditures
15. Subsidized Credit in Foreign Currency
16. Land Allocation

E. Advance Refunds of Tax Savings

F. Direct Payments to Exporters of Wheat Products to Compensate for High Domestic Input Prices

G. Export Revenue Tax Deduction

Authority: Section 8 of Law No. 5422, as amended by Section 6 of Law No. 2362.

Policy: Export; permits producers that export industrial products valued in excess of \$250,000 annually to deduct 20 per cent of their export revenues from taxable corporate income.

H. Transportation Subsidy

Policy: Transportation/export; provides a subsidy of US\$35 per MT to North and South America and the Far East, US\$25 per MT to Europe, Middle East, North Africa and other destinations.

Section II. Notified Programmes

- A. With some exceptions, Turkey has not notified relevant information on the basis of the agreed notification format, which makes it difficult to determine where information which is supposed to be notified may be missing. Could Turkey please provide any such missing information

pertaining to notified subsidy programmes in response to the particular items enumerated in G/SCM/6?

- B. Could Turkey comment and elaborate on the eligibility requirements for the Pre-Shipment Export Credit Programme and the Small and Medium-Scale Firms Export Credit Programme?