

WORLD TRADE ORGANIZATION

RESTRICTED

G/SCM/Q2/NZL/3

12 September 1996

(96-3549)

Committee on Subsidies and Countervailing Measures

Original: English

SUBSIDIES

Replies to Questions from the UNITED STATES Regarding the New and Full Notification of NEW ZEALAND¹

The following communication, dated 27 August 1996, has been received from the Permanent Mission of New Zealand.

The United States has posed questions as to the basis on which New Zealand has determined each of the following programmes fails to meet the notification requirements:

- A. Research and Development Funding by the Foundation for Research, Science and Technology
- B. Fellowship Funding by the Foundation for Research, Science and Technology

The following programmes are administered under each of those headings:

- A. Research and Development Funding by the Foundation for Research, Science and Technology
 - Public Good Science and Technology (this is the Government's primary intervention);
 - Non-specific output funding; and

Activities funded under these programmes are those likely to increase knowledge or understanding of the physical, biological or social environment or likely to develop, maintain or increase skills or scientific or technological expertise that is of particular importance to New Zealand or which are likely to be of benefit to New Zealand but are unlikely to be funded, or adequately funded, from non-governmental sources.

The appropriated budget for this for 1996/97 is \$NZ24,715,000.

¹G/SCM/N/3/NZL.

- Promotion of Technology for Business Growth.

This programme operates to support and encourage investment by enterprises in research and development, either alone or cooperatively with public agencies, in technology transfer; the establishment of technological capabilities; practices and skills in firms for which technology is an important contributor to competitiveness and improvement of information about and access to New Zealand and overseas technology and technologists by firms.

The appropriated budget for this output for 1996/97 is \$NZ11,274,000.

B. Fellowship Funding by the Foundation for Research, Science and Technology

Previously, the Foundation administered the Marsden Fund in 1995/96, but this Fund is now administered by the Royal Society of New Zealand.

The Marsden Fund operates to support and encourage excellence in science, enhance the underpinning scientific knowledge base and broaden and deepen the research skill base in New Zealand, regardless of whether or not the research contributes to the Government's socio-economic priorities.

The appropriated budget for this output for 1996/97 is \$NZ10,839,000.

The fellowships administered by the Foundation are:

- Graduates in Industry Fellowships

The appropriated budget for this output for 1996/97 is \$NZ2.56 million.

- Post-doctoral Fellowships; and

The appropriated budget for this output for 1996/97 is \$NZ2.535 million.

- Maori Fellowships.

The appropriated budget for this output for 1996/97 is \$NZ300,000.

The New Zealand Government has determined the above programmes do not fall within the notification requirements. The programmes are not specific nor are they contingent on export performance. Article 2.1 of the SCM Agreement provides that where a subsidy is governed by neutral eligibility criteria, "specificity shall not exist" and analysis of other factors is permissible only if "there are reasons to believe that the subsidy may in fact be specific". The eligibility criteria for all of the above programmes are neutral, objective and automatic and are strictly adhered to.