

**Committee on Subsidies
and Countervailing Measures**

Original: English

SUBSIDIES

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

Follow-Up Questions Posed by the UNITED STATES
Regarding the Notification of SAINT LUCIA¹

The following communication, dated 19 July 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

We remain concerned with the local value added requirements under this programme. The discussion at the recent special meeting of the Committee on Subsidies and Countervailing Measures concerning this issue was useful in explaining how this programme operates. However, we seek further clarification concerning the local value added requirements, and therefore request consideration of the following additional questions:

1. Under this programme, local value added is defined as the amount realized from the sales of the product after subtracting, among other things, the cost of imported raw materials, components, parts of components, fuels and services. We seek clarification, therefore, whether the use of domestically sourced raw materials, components and parts determines, in any way, the duration of the incentives provided under this programme.
2. Please explain whether this programme could be modified to eliminate the local value added requirement.
3. Please provide the implementing legislation, and any relevant amendments, under this programme.

¹ G/SCM/N/74/LCA and G/SCM/71/LCA.