

WORLD TRADE ORGANIZATION

RESTRICTED

G/SCM/Q2/ARG/21

31 May 1999

(99-2180)

**Committee on Subsidies and
Countervailing Measures**

Original: Spanish

SUBSIDIES

Request from the European Community to Argentina Pursuant to Article 25.8

The following communication, dated 5 May 1999, has been received from the Permanent Delegation of the European Commission.

Please find attached questions under Article 25.8 concerning agricultural machines.

./.

Subject: Request from the European Community to Argentina for information regarding a subsidy of agricultural machinery, under Article 25.8.

Reference: Decree No. 257/99, on the modernization of the agricultural sector, published in Official Bulletin No. 29112 - First Section, of 24 March 1999.

1. Does the 10 per cent discount on the amount of the sale of agricultural machinery benefit the manufacturer and has the manufacturer's establishment to be located in Argentina?

If so, do the Argentine authorities consider that this is a subsidization of the Argentine manufacturers of agricultural machinery, in an amount equivalent to an *ad valorem* 10 per cent of the cost of the agricultural machinery?

That being the case, how does Argentina ensure that this subsidy does not cause serious prejudice to non-Argentine producers, in the sense of Article 6.1(a)?

2. Does Argentina consider that the reduction in price of the amount of 10 per cent, according to Article 4 of the Decree, is a subsidy to the buyer of agricultural machinery?

That being the case, does Argentina consider that this is a subsidy to the buyer (probably an agricultural producer) contingent upon the use of domestic products rather than imported ones, in the sense of Article 3.1(b)?

Does Argentina intend to extend this measure beyond 31 December 1999?

3. Does Argentina intend to notify this subsidy, regulated by Decree No. 257/99, before 30 June 1999 as provided for in Article 25.1?
