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**Committee on Subsidies
and Countervailing Measures**

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SUBSIDIES

Updating Notifications Pursuant to Article XVI.1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures

JAPAN

Supplement

The following communication, dated 24 November 1997, has been received from the Permanent Mission of the Japan.

Japan submits this notification in accordance with its obligation under Article XVI:1 of the General Agreement on Tariff and Trade (GATT) 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures ("Agreement" hereinafter).

In this notification, Japan has included certain activities which it does not regard as "subsidies" within the meaning of the Agreement, in order to achieve the maximum transparency with regard to programmes and measures effective within its territory.

Japan recognizes that, in accordance with Article 25.7 of the "Agreement", the notification of such programmes and measures does not prejudice their legal status, the effects or the nature under GATT 1994 and the Agreement.

Furthermore, the notification does not prejudice the non-actionable nature of certain programmes or measures under footnote 35 to Article 10 of the Agreement, or the non-actionable status that a programme or a measure would have under Article 8 of the Agreement, had it been notified according to the provisions of Article 8.3.

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1. SUPPORT FOR BUSINESS INNOVATION1. Title of the subsidy programme

Support for Business Innovation

2. Period covered by the notification

January 1995-March 1997.

3. Policy objective and/or purpose of the subsidy

To facilitate business innovation by enterprises in response to diverse and structural changes in the domestic and international economic environment.

4. Background and authority for the subsidy

Competent Ministers (Minister of International Trade and Industry, Minister of Agriculture, Forestry and Fishery and Minister of Transport) administer the Law on Temporary Measures to Facilitate Business Innovation.

Enterprises which operate a business belonging to the sectors designated by a Competent Ministers' order and are approved by the Competent Minister are eligible to apply to tax authorities, governmental financial institutions and/or Industrial Structure Improvement Fund for certain supporting measures such as tax concessions, loans and/or a loan guarantee.

5. Legislation under which it is granted

The Law on Temporary Measures to Facilitate Business Innovation.

6. Form of the subsidy (i.e. grant, loan, tax concession, etc.)

Tax Concession, Loan and/or Loan Guarantee.

7. To whom and how the subsidy is provided

Enterprises which operate a business belonging to the sectors designated by a Competent Ministers' order and are approved by the Competent Minister.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

(Unit: ¥ million)

	1995FY	1996FY	1997FY
Tax concession	N.A.	N.A.	N.A.
Loan	900	2,600	6,950
Loan guarantee	700	0	0

* The figures in the table indicate the total amounts loaned or guaranteed.

9. Duration of a subsidy and/or any other time limits attached to it

April 1995-June 2002.

10. Statistical data permitting an assessment of the trade effects of a subsidy¹

Production of Main Industries

(Unit: ¥ million)

	1994Y	1995Y	1996Y
Ammonia industry	21,938	20,962	21,486
Cement industry	705,087	669,756	690,871
Scale industry	81,933	88,104	91,630
Wooden furniture industry	1,759,529	1,742,072	
Rubberbelt industry	94,928	97,049	96,972

¹ Statistics of production, consumption, imports and exports:
(i) for the three most recent years for which statistics are available;
(ii) for a previous representative year, which, where possible and meaningful, should be the latest period preceding the introduction of the subsidy or preceding the last major change in the subsidy.

2. INTEREST SUBSIDY, EQUITY CAPITAL INFUSIONS AND LOAN GUARANTEES

1. Title of the subsidy programme

Interest Subsidy, Equity Capital Infusions and Loan Guarantees under the Law on Temporary Measures to Facilitate Industrial Structural Adjustment.

2. Period covered by the notification

January 1995-March 1997.

3. Policy objective and/or purpose of the subsidy

To attain economic stability and development for the sake of progress of international economy by facilitating industrial structural adjustment.

4. Background and authority for the subsidy

The Ministry of International Trade and Industry.

5. Legislation under which it is granted

The Law on Temporary Measures to Facilitate Industrial Structural Adjustment.

6. Form of the subsidy (i.e. grant, loan, tax concession, etc.)

The following subsidies were provided through the Industrial Structure Improvement Fund (ISIF).

(i) Interest rate subsidy;

(ii) Equity capital infusions;

(iii) Loan guarantees.

7. To whom and how the subsidy is provided

Corporations invested by local governments in economically distressed areas ... (i), (ii).

Enterprises which construct newly or extend a factory in those areas ... (i).

Enterprises which intend to invent a new business in those areas ... (iii).

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

(Unit: ¥ million)

	(i) Interest subsidy	(ii) Equity capital infusions	(iii) Loan guarantees
1994FY	542	-	-
1995FY	458	-	-
1996FY	-	-	-

9. Duration of a subsidy and/or any other time limits attached to it

April 1987-May 1996.

10. Statistical data permitting an assessment of the trade effects of a subsidy¹

N.A.

3. **CAPITAL INVESTMENT AND LOAN FOR R&D PROJECTS CONCERNING KEY TECHNOLOGY**

1. Title of the subsidy programme

Capital Investment and Loan for R&D Projects concerning Key Technology.

2. Period covered by the notification

January 1995-March 1997.

3. Policy objective and/or purpose of the subsidy

To facilitate R&D projects concerning key technologies in the private sector.

4. Background and authority for the subsidy

The Japan Key Technology Centre.

5. Legislation under which it is granted

Law for the Facilitation of Research in Key Technologies.

¹ Statistics of production, consumption, imports and exports:
(i) for the three most recent years for which statistics are available;
(ii) for a previous representative year, which, where possible and meaningful, should be the latest period preceding the introduction of the subsidy or preceding the last major change in the subsidy.

6. Form of the subsidy (i.e. grant, loan, tax concession, etc.)

Capital Investment Loan.

7. To whom and how the subsidy is provided

Enterprises and/or non-profit organizations which have ability to carry out R&D projects concerning key technology.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

(Unit: ¥ million)

	Capital investment	Loan
1995FY (settlement of accounts)	20,600	6,334
1996FY (settlement of accounts)	19,858	4,486
1997FY (budget)	19,700	9,100

9. Duration of a subsidy and/or any other time limits attached to it

This programme was started in October 1985, and no time limit is attached to it.

10. Statistical data permitting an assessment of the trade effects of a subsidy¹

N.A.

4. THE INDUSTRIAL SCIENCE AND TECHNOLOGY FRONTIER PROGRAMME (ISTF)1. Title of the subsidy programme

The Industrial Science and Technology Frontier Programme (ISTF)

2. Period covered by the notification

January 1995-March 1997.

3. Policy objective and/or purpose of the subsidy

To contribute to sustainable economic development and the improvement of public welfare through fundamental and creative R&D.

¹ Statistics of production, consumption, imports and exports:
 (i) for the three most recent years for which statistics are available;
 (ii) for a previous representative year, which, where possible and meaningful, should be the latest period preceding the introduction of the subsidy or preceding the last major change in the subsidy.

4. Background and authority for the subsidy

The Ministry of International Trade and Industry.

5. Legislation under which it is granted

Assistance by budget.

6. Form of the subsidy (i.e. grant, loan, tax concession, etc.)

Contract.

7. To whom and how the subsidy is provided

Research organizations such as companies, research associations, public corporations or universities which are entrusted by the NEDO; a public body.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

Fiscal year 1995 (settlement of accounts)	¥22,386 million
Fiscal year 1996 (settlement of accounts)	¥24,920 million
Fiscal year 1997 (budget)	¥29,570 million

9. Duration of a subsidy and/or any other time limits attached to it

The programme was started in April 1993, and no time limit is attached to it.

10. Statistical data permitting an assessment of the trade effects of a subsidy¹

N.A.

5. THE NEW SUNSHINE PROGRAMME

1. Title of the subsidy programme

The New Sunshine Programme.

2. Period covered by the notification

January 1995-March 1997.

3. Policy objective and/or purpose of the subsidy

To promote the innovative technology development which supports sustainable economic growth and solves energy and environmental issues.

¹ Statistics of production, consumption, imports and exports:
(i) for the three most recent years for which statistics are available;
(ii) for a previous representative year, which, where possible and meaningful, should be the latest period preceding the introduction of the subsidy or preceding the last major change in the subsidy.

4. Background and authority for the subsidy

The Ministry of International Trade and Industry.

5. Legislation under which it is granted

Assistance by budget.

6. Form of the subsidy (i.e. grant, loan, tax concession, etc.)

Contract.

7. To whom and how the subsidy is provided

Research organizations such as companies, research associations, public corporations or universities which are entrusted by the NEDO; a public body.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

Fiscal year 1995 (settlement of accounts)	¥42,476 million
Fiscal year 1996 (settlement of accounts)	¥42,339 million
Fiscal year 1997 (budget)	¥48,196 million

9. Duration of a subsidy and/or any other time limits attached to it

The programme was started in April 1993, and no time limit is attached to it.

10. Statistical data permitting an assessment of the trade effects of a subsidy¹

N.A.

6. DEVELOPMENT EXPENDITURE SUBSIDIES FOR THE COMMERCIALIZATION OF ENERGY-RELATED TECHNOLOGY

1. Title of the subsidy programme

Development Expenditure Subsidies for the Commercialization of Energy-Related Technology.

2. Period covered by the notification

January 1995-March 1997.

¹ Statistics of production, consumption, imports and exports:
(i) for the three most recent years for which statistics are available;
(ii) for a previous representative year, which, where possible and meaningful, should be the latest period preceding the introduction of the subsidy or preceding the last major change in the subsidy.

3. Policy objective and/or purpose of the subsidy

To contribute to the establishment of the stable and rational structure in supply and demand of energy, the reduction of the oil-dependent proportion and the stable supply of electric power.

4. Background and authority for the subsidy

The Ministry of International Trade and Industry.

5. Legislation under which it is granted

Assistance by budget.

6. Form of the subsidy (i.e. grant, loan, tax concession, etc.)

The subsidies are provided in the form of reimbursable grant.

7. To whom and how the subsidy is provided

Enterprises which have ability to carry out the R&D projects of energy-related technology.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

(Unit: ¥ million)

1995FY (settlement of accounts)	3,396
1996FY (settlement of accounts)	3,595
1997FY (budget)	3,451

9. Duration of a subsidy and/or any other time limits attached to it

April 1980-March 2000.

10. Statistical data permitting an assessment of the trade effects of a subsidy¹

N.A.

¹ Statistics of production, consumption, imports and exports:
(i) for the three most recent years for which statistics are available;
(ii) for a previous representative year, which, where possible and meaningful, should be the latest period preceding the introduction of the subsidy or preceding the last major change in the subsidy.

7. **SUBSIDY FOR THE TECHNOLOGY DEVELOPMENT OF INTEGRATED COAL GASIFICATION COMBINED CYCLE POWER GENERATION PLANT**

1. Title of the subsidy programme

Subsidy for the Technology Development of Integrated Coal Gasification Combined Cycle Power Generation Plant.

2. Period covered by the notification

January 1995-March 1997.

3. Policy objective and/or purpose of the subsidy

To develop the technology for Integrated Coal Gasification Combined Cycle Power Generation.

4. Background and authority for the subsidy

The Ministry of International Trade and Industry.

5. Legislation under which it is granted

Assistance by budget.

6. Form of the subsidy (i.e. grant, loan, tax concession, etc.)

Grant.

7. To whom and how the subsidy is provided

The subsidy is provided to the New Energy and Industrial Technology Development Organization (NEDO).

Note: The NEDO is entrusting the technology development to the Engineering Research Association for Integrated Coal Gasification Combined Cycle Power System.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

Fiscal year 1995 (settlement of accounts)	¥4,269 million
Fiscal year 1996 (settlement of accounts)	¥2,240 million
Fiscal year 1997 (budget)	¥980 million

9. Duration of a subsidy and/or any other time limits attached to it

April 1986-March 1998.

10. Statistical data permitting an assessment of the trade effects of a subsidy¹

N.A.

¹ Statistics of production, consumption, imports and exports:
 (i) for the three most recent years for which statistics are available;
 (ii) for a previous representative year, which, where possible and meaningful, should be the latest period preceding the introduction of the subsidy or preceding the last major change in the subsidy.

8. THE REAL WORLD COMPUTING (RWC) PROGRAMME

1. Title of the subsidy programme

The Real World Computing (RWC) Programme.

2. Period covered by the notification

January 1995-March 1997.

3. Policy objective and/or purpose of the subsidy

To establish fundamental technologies for next-generation information processing.

4. Background and authority for the subsidy

The Ministry of International Trade and Industry.

5. Legislation under which it is granted

Assistance by budget.

6. Form of the subsidy (i.e. grant, loan, tax concession, etc.)

Contract.

7. To whom and how the subsidy is provided

The Real World Computing Partnership (RWCP).

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

Fiscal year 1995 (settlement of accounts)	¥5,662 million
Fiscal year 1996 (settlement of accounts)	¥4,559 million
Fiscal year 1997 (budget)	¥5,846 million

9. Duration of a subsidy and/or any other time limits attached to it

April 1992-March 2001.

10. Statistical data permitting an assessment of the trade effects of a subsidy¹

N.A.

¹ Statistics of production, consumption, imports and exports:
(i) for the three most recent years for which statistics are available;
(ii) for a previous representative year, which, where possible and meaningful, should be the latest period preceding the introduction of the subsidy or preceding the last major change in the subsidy.

9. SUBSIDY TO PROMOTE AND FOSTER NEW ENTERPRISES OF THE RESEARCH AND DEVELOPMENT TYPE OR KNOWLEDGE-INTENSIVE TYPE

1. Title of the subsidy programme

Subsidy to Promote and Foster New Enterprises of the Research and Development Type or Knowledge-Intensive Type.

2. Period covered by the notification

January 1995-March 1997.

3. Policy objective and/or purpose of the subsidy

To promote venture business and knowledge-intensive business of SMEs.

4. Background and authority for the subsidy

The Ministry of International Trade and Industry.

5. Legislation under which it is granted

Assistance by budget.

6. Form of the subsidy (i.e. grant, loan, tax concession, etc.)

Grants.

7. To whom and how the subsidy is provided

The subsidy is provided to the Venture Enterprise Centre (VEC). The VEC provides loan guarantees to SMEs which conduct the business of the R&D type or knowledge-intensive type, using the subsidy.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

Fiscal year 1995 (settlement of accounts)	¥271 million
Fiscal year 1996 (settlement of accounts)	¥0
Fiscal year 1997 (budget)	¥0

9. Duration of a subsidy and/or any other time limits attached to it

The subsidy was started in 1975, and no time limit is attached to it.

10. Statistical data permitting an assessment of the trade effects of a subsidy¹

N.A.

¹ Statistics of production, consumption, imports and exports:
 (i) for the three most recent years for which statistics are available;
 (ii) for a previous representative year, which, where possible and meaningful, should be the latest period preceding the introduction of the subsidy or preceding the last major change in the subsidy.