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Page: 1/2

Committee on Subsidies and Countervailing Measures

Original: English

SUBSIDIES

REPLIES TO SECOND SET OF FOLLOW-UP QUESTIONS¹ POSED BY CANADA TO REPLIES² PROVIDED BY CHINA REGARDING THE 2019 NEW AND FULL NOTIFICATION OF CHINA³

The following communication, dated and received on 25 April 2023, is being circulated at the request of the delegation of China.

Question 1

In response to Canada's question as to why the "Interim Measures for the Administration of Intellectual Property (Patent) Special Funds in Shandong Province" (issued by the Department of Finance of Shandong Province) was not notified in China's 2019 subsidy notification, China's asked that Canada provide a web link to the measure.

Canada notes that the "Interim Measures for the Administration of Intellectual Property (Patent) Special Funds in Shandong Province" is currently being countervailed following the 2018 Canadian investigation regarding imports of sucker rods from China⁴. Canada therefore reiterates its question as to why this program was not included in China's 2019 subsidy notification.

Reply:

This is an inclusive policy designed to encourage innovation and China makes the notification based on its own understanding of the ASCM.

Question 2

In response to Canada's question as to why the program Export Performance Grants (Cai Qi No.467 2000) was not notified, China responded that the measure was notified in 2006. The notification of a program 15 years ago does not discharge a country of its obligation to notify its specific subsidies every two years.

- a. Was Export Performance Grants (Cai Qi No. 467 2000) in place during the period covered by China's 2019 subsidy notification?**

Reply:

The Circular of the Ministry of Finance and the Former Ministry of Foreign Trade and Economic Cooperation on issuing the (Interim) Measures for the Management of International Marketing Funds

¹ G/SCM/Q2/CHN/119.

² G/SCM/Q2/CHN/85 – Questions from Canada; G/SCM/Q2/CHN/92– Replies from China;
G/SCM/Q2/CHN/103 – Follow-up questions from Canada; G/SCM/Q2/CHN/109 – Replies from China.

³ G/SCM/N/343/CHN and G/SCM/N/343/CHN/Corr.1.

⁴ Certain Sucker Rods 2018 Investigation – Final Determinations, see Appendix 2. <https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/sr2018/sr2018-fd-eng.html>.

of Small and Medium-sized Enterprises (Cai Qi [2000] No. 467) does not contain any subsidy for export performance. The export amount is one of the criteria to determine whether an enterprises is a small or medium-sized enterprise that meets the requirements of the document, not one of the conditions for receiving subsidies. Therefore this is not a subsidy contingent to export performance. The Canadian side had some misunderstanding in raising the question.

The policy was not in implementation during the period covered by 2019 notification.

- b. If so, grateful for clarifying: the policy objective of the measure (or purpose); the form of the subsidy; to whom the subsidy is provided; and the total amount of annual amount budgeted.**

Reply:

Not applicable as the answer is negative for Q2.a.
