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Transformation into a Market Economy

29.1 Members in the process of transformation from a centrally-planned into a market, free-enterprise economy may apply programmes and measures necessary for such a transformation.

29.2 For such Members, subsidy programmes falling within the scope of Article 3, and notified according to paragraph 3, shall be phased out or brought into conformity with Article 3 within a period of seven years from the date of entry into force of the WTO Agreement. In such a case, Article 4 shall not apply. In addition during the same period:

- (a) Subsidy programmes falling within the scope of paragraph 1(d) of Article 6 shall not be actionable under Article 7;
- (b) With respect to other actionable subsidies, the provisions of paragraph 9 of Article 27 shall apply.

29.3 Subsidy programmes falling within the scope of Article 3 shall be notified to the Committee by the earliest practicable date after the date of entry into force of the WTO Agreement. Further notifications of such subsidies may be made up to two years after the date of entry into force of the WTO Agreement.

29.4 In exceptional circumstances Members referred to in paragraph 1 may be given departures from their notified programmes and measures and their time-frame by the Committee if such departures are deemed necessary for the process of transformation.

1.2 General

1. The Panel in *Brazil – Aircraft* confirmed that "under Articles 27 and 29 of the SCM Agreement certain Members are entitled to special and differential treatment and are not subject to the prohibition on export subsidies".¹

2. In *Brazil – Aircraft (Article 21.5 – Canada)*, the Panel interpreted the SCM Agreement as establishing a "common set of rules in respect of export credit practices", but noted "[e]xcept, of course, to the extent that the *SCM Agreement* provides special and differential treatment for particular Members, as provided for in Articles 27 and 29 of that Agreement".²

Current as of: December 2022

¹ Panel Report, *Brazil – Aircraft*, para. 7.26.

² Panel Report, *Brazil – Aircraft (Article 21.5 – Canada)*, para. 6.60 and fn 60.