1. This section of the Handbook on Notification Requirements covers the notification obligations under the Agreement on Subsidies and Countervailing Measures (SCM). It consists of the following five parts:

Part I: Overview of notification requirements
Part II: Listing of the notification obligations
Part III: Document(s) concerning guidelines and formats
Part IV: "Mock" examples of notifications

2. For acceding countries, the deadlines for the submission of their notifications will be governed by their respective Protocols of Accession.

Note: The Handbook on Notification Requirements does not constitute a legal interpretation of the notification obligations under the respective Agreement(s). It has been prepared by the Secretariat to assist Members in complying with their notification obligations.
SCM-I

AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

OVERVIEW OF NOTIFICATION REQUIREMENTS
AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

1 PURPOSE OF NOTIFICATIONS IN THE AGREEMENT

The WTO SCM Agreement contains a number of notification requirements in the areas of subsidies and countervailing measures. In some cases, notification entitles the notifier to certain benefits that it otherwise would not enjoy. Generally, a Member failing to notify runs the risk that another Member will raise issues about its programmes, etc., in the Committee, and potentially could institute dispute settlement proceedings. Furthermore, all Members have an interest in the information provided by all other Members. Thus, Members should comply fully with all notification obligations under the Agreement, by the dates established in the Agreement or by the Committee. Even where no such dates exist, it is in the interests of all Members to make the required notifications at the earliest possible date.

2 NATURE OF THE NOTIFICATIONS

There are three basic areas for which notifications are required under the SCM Agreement: (1) subsidies, (2) authorities/procedures/legislation relating to countervailing measures; and (3) countervailing measures - actions.

2.1 Subsidies

Subsidy notification provisions of indefinite duration (i.e., currently in effect)

(a) The basic subsidies notification requirement is contained in Article 25.2 of the SCM Agreement and in Article XVI:1 of GATT 1994. Article 25.2 requires notification of any subsidy as defined in the Agreement, which is specific, as also defined in the Agreement. Exempt from this requirement are non-specific subsidies (i.e., subsidies not covered by SCM Article 3 and not limited, in law or in fact, to specific sectors, industries, or regions, etc.). In addition, GATT Art. XVI:1 requires notification of any subsidy (whether or not specific) that directly or indirectly causes trade effects.

The format for subsidy notifications is contained in the questionnaire in G/SCM/6/Rev.1. On the basis of an understanding reached in the SCM Committee (G/SCM/M/46, para. 43, and G/SCM/M/53, para. 35), Members are to submit new and full notifications by 30 June of every second year (the odd-numbered years), while “de-emphasizing” the annual updating notifications referred to in Article 25.6. In practice, this means that Members should submit a new and full notification every two years, and spend the intervening year reviewing other Members’ notifications.

The subsidy notifications are circulated in the G/SCM/N/… series. The Secretariat annually circulates a document containing information on each Member’s compliance with this obligation (G/SCM/W/564 + Revs.).

Members’ subsidy notifications are reviewed at special meetings of the Committee, generally held back-to-back with the Committee’s regular meetings. At such meetings, Members may raise questions regarding a notified programme, the failure to notify a programme, or the failure to submit any notification. The procedures followed by the Committee for such reviews, as contained in document G/SCM/117, were most recently re-adopted in April 2013, for the review of 2013 new and full notifications (G/SCM/M/85, para. 50). Written questions and answers concerning subsidy notifications are circulated in the G/SCM/Q2/… document series.

(b) Some special and differential treatment for developing Members is dependent on certain additional notification requirements.

(i) Privatization programmes (Article 27.13). If direct forgiveness of debt, subsidies to cover social costs, and/or other transfer of liabilities are granted within and are linked to a successful privatization programme of a developing country (i.e., the programme actually results in privatization of the enterprise concerned), and such subsidies are limited in time, Part III of the Agreement shall not apply. This means that such subsidies shall not be
subject to multilateral challenge as provided for in Part III (however, this provision does not protect a Member from countervailing duty actions with respect to the subsidy).

To qualify for this exemption, any such privatization programme must be notified, following the format in G/SCM/15. There are no time limits or timing provisions in the Agreement regarding submission of such notifications. However, by notifying as soon as possible, countries inoculate themselves against the possibility that other Members could seek a WTO dispute settlement panel against them with respect to such programmes. Thus, prompt notification could save the notifying Member from having to defend against such actions by others.

These notifications are circulated in the G/SCM/N/13/... series.

(ii) Export competitiveness (Articles 27.5 and 27.6). If a developing country Member achieves export competitiveness in a product, the phase-out period for its export subsidies to that product is shortened to 2 years (8 years for least developed countries). Export competitiveness is defined as having at least a 3.25% share of world trade in a product during 2 consecutive years. "Product" is defined as a section heading of HS nomenclature.

Export competitiveness is established in one of two ways: (a) notification by the developing country Member that has achieved export competitiveness; or (b) calculation by the WTO secretariat at the request of any Member. Any such notification by a developing country Member is therefore voluntary. No standard format has been developed for such notifications, and to date no such notifications have been submitted.

Expired subsidy notification provisions

(a) Non-actionable subsidies (Article 8.3). (Article 8 expired 31 December 1999).

While SCM Article 8 was in effect (through 31 December 1999) Members wishing to obtain non-actionable status for any programme meeting the criteria in Article 8.2 had to submit a notification before implementing the programme. Such notifications were subject to annual updating. The notification formats were in G/SCM/N/13 and 14. All Article 8 notifications were subject to review by the Committee. No Member ever submitted an Article 8 notification.

(b) Higher de minimis subsidization rate in CVD investigations (Article 27.11). (Article 27.11 expired 31 December 2002.)

If any developing Member eliminated export subsidies before the applicable 8-year transition period (which ended 31 December 2002), and notified the details thereof, it was entitled to a de minimis subsidization rate in CVD investigations of 3%, rather than the 2% rate to which it otherwise would have been entitled. The notification format was in G/SCM/16. No Member ever submitted such a notification.

(c) Seven-year transition period for otherwise prohibited subsidies of Members in transformation to market economies (Article 29.3) (Transition period expired 31 December 2001).

A seven-year transition period from the date of entry into force of the WTO Agreement (i.e. through 31 December 2001) was provided for then-existing subsidies falling within Article 3 (i.e., prohibited subsidies) of Members in transformation, if such subsidies were notified not later than 31 December 1996, or another date if the Committee so agreed. The notification format was in PC/IPL/11, Annex 5. These notifications were circulated in the G/SCM/N/9/... series.

(d) Existing prohibited subsidies (Article 28.1) (Transition period expired)

A three-year transition period from the date of entry into force of the WTO Agreement for each Member (i.e., for most Members, through 31 December 1997) was provided for their subsidies inconsistent with the SCM Agreement in existence on the date that they signed the WTO Agreement. Such subsidies had to be notified not later than 90 days after the date of entry into force of the WTO Agreement for each such Member (for most Members this deadline was
31 March 1995). The notification format was in PC/IPL/11, Annex 4. These notifications were circulated in the G/SCM/N/2/... series.

2.2 Authorities/Procedures/Legislation relating to countervailing measures

(a) Domestic authorities and domestic procedures (Article 25.12). This Article calls for notification of (a) domestic authorities competent to initiate and conduct CVD investigations; and (b) domestic procedures governing the initiation and conduct of such investigations. Part (a) of this notification requirement can be fulfilled by providing to the Committee the name, address, telephone and fax numbers, and e-mail address(es) of the investigating authority. There is no standard format. The notified information received from all Members is circulated in G/SCM/N/18 + Adds.

(b) Laws and regulations (Article 32.6). This notification is to be made once, upon entry into force of the WTO Agreement for the notifying Member, for its then-existing laws and regulations, and thereafter on an ad hoc basis, as and when laws/regulations are established or changes effected.

(i) Members must notify the full integrated text(s) of their laws, regulations and administrative procedures in one of the WTO languages (English, French or Spanish).

(ii) Any modification to the laws, regulations or administrative procedures must be notified promptly.

(iii) A notification must be made even where a Member does not maintain such laws/regulations.

The invitation to submit notifications was circulated in G/SCM/N/1 and Suppl.1. Legislative notifications are reviewed at the regular meetings of the SCM Committee.

2.3 Countervailing Measures - Actions

(a) Preliminary and final countervailing duty actions (Article 25.11). All such actions taken shall be reported "without delay" to the Committee. Document G/SCM/3/Rev.1 identifies the agreed minimum list of such actions subject to this ad hoc notification requirement, as well as the minimum information that should be provided in such reports. If the official notice of the action, as published by the Member taking the action, contains such information and is in a WTO working language, the Member may submit the official notice. If not, the Member should provide the information described in the format. In either case, Members are encouraged also to submit electronic versions of the publicly-available documents containing the notified decisions, in the original language even if not a WTO working language. The Article 25.11 notifications are kept on file in the Secretariat, for consultation by interested Members. Monthly lists of the notifications received are circulated to Members, in the G/SCM/N... series. These notifications are subject to review by the Committee at its regular meetings.

(b) Semi-annual report on all countervailing duty actions (Article 25.11). All Members must, twice per year, submit a semi-annual report of all countervailing duty-related actions taken within the preceding six months, regardless of whether they have taken any such actions. Members also must provide a list of all countervailing measures in force.

(i) Semi-annual reports are requested by the Committee twice each year. One request is issued in January, for the semi-annual report covering the period 1 July through 31 December of the previous year, and establishing a February deadline for submission of those reports. The second request is issued in July, for the semi-annual report covering the period 1 January through 30 June of that same year, and establishing an August deadline for submission of those reports.

(ii) The reports are to be made using the agreed standard form (G/SCM/2/Rev.1).
(iii) Nil notifications of no actions taken during a particular period and no measures in force can consist of a simple letter to that effect. See also section 2.3(c) below on one-time nil notifications.

The semi-annual reports are circulated in document series G/SCM/N/… . They are subject to review at the Committee's regular meetings.

For countries becoming Members after 1 January 1995, the first semi-annual report shall cover the most recent period (January-June or July-December) prior to the entry into force of the WTO Agreement for each Member. Document PC/IPL/11, Annex 7, reflects this understanding.

(c) **One-time nil notifications under Articles 25.11 and 25.12 (competent authorities and actions taken)**

Any Member that has not established an authority competent to initiate and conduct investigations within the meaning of SCM Article 25.12, and that thus has never taken any countervailing actions within the meaning of Article 25.11 of the Agreement and does not anticipate taking any such actions for the foreseeable future, is eligible to so notify the Committee, on a one-time basis, in lieu of submitting a nil notification of competent authorities, and in lieu of submitting a nil semi-annual report every six months. This standing notification is deemed, without any further action by the Member, to fulfill that Member's obligation to notify its competent authority, as well as its obligation to provide semi-annual reports, until such time as the Member establishes a competent authority, and/or takes any countervailing action, all of which must be notified to the Committee without delay, pursuant to SCM Articles 25.11 and 25.12.

The format for one-time notifications is in G/SCM/129. These notifications are circulated in document series G/SCM/N/202/… . They are subject to review at the Committee's regular meetings.
SCM-II

AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

LIST OF ALL NOTIFICATION OBLIGATIONS UNDER THE AGREEMENT
<table>
<thead>
<tr>
<th>Item</th>
<th>Notification requirement</th>
<th>Type of measure</th>
<th>Periodicity</th>
<th>Format/Request for notification</th>
<th>Members notifying</th>
<th>To Whom</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Agreement on Subsidies and Countervailing Measures, Art. 25.1; GATT 1994, Art. XVI:1</td>
<td>Any subsidy as defined in ASCM Art.1:1 which is specific within the meaning of ASCM Art.2 as well as any other subsidy which causes increased exports or decreased imports within the meaning of GATT 1994, Article XVI:1</td>
<td>Biennial - new and full notification (G/SCM/M/46, para. 43 and G/SCM/M/53, para. 35).</td>
<td>G/SCM/6/Rev.1</td>
<td>WTO Members</td>
<td>Committee on Subsidies and Countervailing Measures</td>
</tr>
<tr>
<td>2.</td>
<td>Agreement on Subsidies and Countervailing Measures, Art. 25.11 - <em>ad hoc</em></td>
<td>Countervailing duty actions (1) initiations, (2) preliminary determinations/provisional measures; (3) final determinations/definitive measures</td>
<td><em>Ad hoc</em> (without delay once an action has been taken)</td>
<td>G/SCM/3/Rev.1</td>
<td>WTO Members</td>
<td>Committee on Subsidies and Countervailing Measures</td>
</tr>
<tr>
<td>3.</td>
<td>Agreement on Subsidies and Countervailing Measures, Art. 25.11 - semi-annual</td>
<td>Countervailing duty actions (taken within the preceding 6 months)</td>
<td>Semi-annual</td>
<td>G/SCM/2/Rev.1; PC/IPL/11/Annex 7 (Req.)</td>
<td>WTO Members</td>
<td>Committee on Subsidies and Countervailing Measures</td>
</tr>
<tr>
<td>4.</td>
<td>Agreement on Subsidies and Countervailing Measures, Art. 25.12</td>
<td>Authorities competent to initiate and conduct countervailing duty investigations referred to in ASCM Art. 11 and domestic procedures governing the initiation and conduct of such investigations</td>
<td>Once upon entry into force of the WTO Agreement for existing authorities and procedures; <em>ad hoc</em> as and when a Member establishes such authorities and procedures</td>
<td>G/SCM/N/18 (Req.)</td>
<td>WTO Members</td>
<td>Committee on Subsidies and Countervailing Measures</td>
</tr>
<tr>
<td>5.</td>
<td>Agreement on Subsidies and Countervailing Measures, Art. 25.11 and 25.12</td>
<td>One-time nil notification of having no competent authority and never having taken any countervailing duty actions</td>
<td>Once, on an <em>ad hoc</em> basis. Remains valid, with no further action needed, unless and until a competent authority is established and/or an action is taken.</td>
<td>G/SCM/129</td>
<td>WTO Members with no competent authorities that have never taken countervailing actions</td>
<td>Committee on Subsidies and Countervailing Measures</td>
</tr>
<tr>
<td>Item</td>
<td>Notification requirement</td>
<td>Type of measure</td>
<td>Periodicity</td>
<td>Format/Request for notification</td>
<td>Members notifying</td>
<td>To Whom</td>
</tr>
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<tr>
<td>6.</td>
<td>Agreement on Subsidies and Countervailing Measures, Art. 27.13</td>
<td>Debt relief (direct forgiveness of debt) and subsidies to cover social costs, in whatever form (including relinquishment of government revenue and other transfer of liabilities) when such subsidies are granted within and directly linked to a privatization programme of a developing country Member that results in eventual privatization.</td>
<td>Ad hoc</td>
<td>G/SCM/15</td>
<td>WTO developing Members wishing to invoke the provisions of ASCM Art. 27.13</td>
<td>Committee on Subsidies and Countervailing Measures</td>
</tr>
<tr>
<td>7.</td>
<td>Agreement on Subsidies and Countervailing Measures, Art. 32.6</td>
<td>Laws/regulations and changes thereto, including changes in the administration of such laws (concerning the languages of notification for Article 32.6, see document G/SCM/N/1)</td>
<td>The full text once at the date of entry into force of the WTO Agreement for existing laws and regulations; ad hoc as and when a Member establishes such laws and regulations, or makes changes in existing laws and regulations or in the administration thereof</td>
<td>G/SCM/N/1 + Suppl.1 (Req.)</td>
<td>WTO Members</td>
<td>Committee on Subsidies and Countervailing Measures</td>
</tr>
</tbody>
</table>

**Expired notification provisions**

<table>
<thead>
<tr>
<th>Item</th>
<th>Notification requirement</th>
<th>Type of measure</th>
<th>Periodicity</th>
<th>Format/Request for notification</th>
<th>Members notifying</th>
<th>To Whom</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Agreement on Subsidies and Countervailing Measures, Art. 8.3 - ad hoc</td>
<td>Any subsidy programme for which the provisions of ASCM Art. 8.2 are invoked</td>
<td>Ad hoc (in advance of implementation of a subsidy programme)</td>
<td>G/SCM/14</td>
<td>WTO Members</td>
<td>Committee on Subsidies and Countervailing Measures</td>
</tr>
<tr>
<td>2.</td>
<td>Agreement on Subsidies and Countervailing Measures, Art. 8.3 - annual</td>
<td>Any subsidy programme for which the provisions of ASCM Art. 8.2 are invoked</td>
<td>Annual updates once initial notification is made</td>
<td>G/SCM/13</td>
<td>WTO Members</td>
<td>Committee on Subsidies and Countervailing Measures</td>
</tr>
<tr>
<td>3.</td>
<td>Agreement on Subsidies and Countervailing Measures, Art. 27.11</td>
<td>Elimination of export subsidies</td>
<td>Ad hoc</td>
<td>G/SCM/16</td>
<td>WTO developing Members wishing to invoke the provisions of ASCM Art. 27.11</td>
<td>Committee on Subsidies and Countervailing Measures</td>
</tr>
<tr>
<td>Item</td>
<td>Notification requirement</td>
<td>Type of measure</td>
<td>Periodicity</td>
<td>Format/Request for notification</td>
<td>Members notifying</td>
<td>To Whom</td>
</tr>
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<tr>
<td>4.</td>
<td>Agreement on Subsidies and Countervailing Measures, Art. 28.1</td>
<td>Existing subsidy programmes inconsistent with the provisions of the ASCM</td>
<td>Once, not later than 90 days after the date of entry into force of the WTO Agreement for the Member notifying</td>
<td>PC/IPL/11, Annex 4</td>
<td>WTO Members</td>
<td>Committee on Subsidies and Countervailing Measures</td>
</tr>
<tr>
<td>5.</td>
<td>Agreement on Subsidies and Countervailing Measures, Art. 29.3</td>
<td>Existing subsidy programmes falling within the scope of ASCM Art. 3</td>
<td>Once, at the earliest practicable date after the date of entry into force of the WTO Agreement, and not later than 31 December 1996.</td>
<td>PC/IPL/11, Annex 5</td>
<td>WTO Members in the process of transformation from a centrally-planned to a market, free-enterprise economy wishing to invoke the provisions of ASCM Art. 29.2</td>
<td>Committee on Subsidies and Countervailing Measures</td>
</tr>
</tbody>
</table>

"Req." - Request for notification, not a standard notification format.
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AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

NOTIFICATION FORMATS/NOTIFICATION REQUESTS

The notification formats and requests pertaining to the notification provisions in effect can be accessed through the following links:

G/SCM/6/Rev.1
G/SCM/15
G/SCM/3/Rev.1
G/SCM/2/Rev.1; and WT/PC/IPL/11/Annex 7 (Request)
G/SCM/N/18 (Request)
G/SCM/129
G/SCM/N/1 + G/SCM/N/1/Suppl.1 (Request)
SCM-IV

AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

"MOCK" EXAMPLES
"MOCK" EXAMPLE OF NOTIFICATIONS UNDER ARTICLE 25.1

The following matrix can be used to determine what type of notification must be made:¹

<table>
<thead>
<tr>
<th>Does your Government or any public body grant any subsidy (as defined in Article 1.1 of the Agreement)</th>
<th>Is the subsidy specific within the meaning of Article 2 of the Agreement or does it operate directly or indirectly to increase exports from or reduce imports into its territory (within the meaning of Article XVI:1 of the GATT 1994)</th>
<th>Type of notification to be made</th>
</tr>
</thead>
</table>
| NO | - | Letter stating this fact. (Nil notification)  
EXAMPLE:  
"In accordance with Article 25.2 of the Agreement on Subsidies and Countervailing Measures and Article XVI:1 of the GATT 1994, the government of [name of Member] wishes to inform you that [name of Member] does not grant or maintain within its territory any subsidy within the meaning of Article 1.1 of the Agreement on Subsidies and Countervailing Measures which is specific within the meaning of Article 2 of the Agreement, or which operates directly or indirectly to increase exports from or reduce imports into its territory within the meaning of Article XVI:1 of the GATT 1994." |
| YES | NO | Letter stating this fact. (Nil notification)  
EXAMPLE:  
"In accordance with Article 25.2 of the Agreement on Subsidies and Countervailing Measures and Article XVI:1 of the GATT 1994, the government of [name of Member] wishes to inform you that [name of Member] does not grant or maintain within its territory any subsidy within the meaning of Article 1.1 of the Agreement on Subsidies and Countervailing Measures which is specific within the meaning of Article 2 of the Agreement, or which operates directly or indirectly to increase exports from or reduce imports into its territory within the meaning of Article XVI:1 of the GATT 1994." |
| YES | YES | Full response to the Questionnaire (Annex IV) |

¹ For "mock" examples of notifiable subsidies, see pages 14 through 16 of this section.
EXAMPLE

"MOCK" EXAMPLES OF NOTIFIABLE SUBSIDIES UNDER ARTICLE 25.1 OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

The first section is comprised of the Illustrative List of Export Subsidies, which is Annex I of the Agreement on Subsidies and Countervailing Measures. The second section, dealing with domestic subsidies, is comprised of examples taken from actual notifications made since the implementation of the WTO Agreement. These sections provide only an illustration of such subsidies, and not an exhaustive list.

1 SUBSIDIES IDENTIFIED IN THE WTO ILLUSTRATIVE LIST OF EXPORT SUBSIDIES

ILLUSTRATIVE LIST OF EXPORT SUBSIDIES

(a) The provision by governments of direct subsidies to a firm or an industry contingent upon export performance.

(b) Currency retention schemes or any similar practices which involve a bonus on exports.

(c) Internal transport and freight charges on export shipments, provided or mandated by governments, on terms more favourable than for domestic shipments.

(d) The provision by governments or their agencies either directly or indirectly through government-mandated schemes, of imported or domestic products or services for use in the production of exported goods, on terms or conditions more favourable than for provision of like or directly competitive products or services for use in the production of goods for domestic consumption, if (in the case of products) such terms or conditions are more favourable than those commercially available on world markets to their exporters.

(e) The full or partial exemption, remission, or deferral specifically related to exports, of direct taxes or social welfare charges paid or payable by industrial or commercial enterprises.

2 The term "commercially available" means that the choice between domestic and imported products is unrestricted and depends only on commercial considerations.

3 For the purpose of this Agreement:
   The term "direct taxes" shall mean taxes on wages, profits, interests, rents, royalties, and all other forms of income, and taxes on the ownership of real property;
   The term "import charges" shall mean tariffs, duties, and other fiscal charges not elsewhere enumerated in this note that are levied on imports;
   The term "indirect taxes" shall mean sales, excise, turnover, value added, franchise, stamp, transfer, inventory and equipment taxes, border taxes and all taxes other than direct taxes and import charges;
   "Prior stage" indirect taxes are those levied on goods or services used directly or indirectly in making the product;
   "Cumulative" indirect taxes are multi-staged taxes levied where there is no mechanism for subsequent crediting of the tax if the goods or services subject to tax at one stage of production are used in a succeeding stage of production;
   "Remission" of taxes includes the refund or rebate of taxes;
   "Remission or drawback" includes the full or partial exemption or deferral of import charges.

4 The Members recognize that deferral need not amount to an export subsidy where, for example, appropriate interest charges are collected. The Members reaffirm the principle that prices for goods in transactions between exporting enterprises and foreign buyers under their or under the same control should for tax purposes be the prices which would be charged between independent enterprises acting at arm’s length. Any Member may draw the attention of another Member to administrative or other practices which may contravene this principle and which result in a significant saving of direct taxes in export transactions. In such circumstances the Members shall normally attempt to resolve their differences using the facilities of existing bilateral tax treaties or other specific international mechanisms, without prejudice to the rights and obligations of Members under the GATT 1994, including the right of consultation created in the preceding sentence. Paragraph (e) is not intended to limit a Member from taking measures to avoid the double taxation of foreign source income earned by its enterprises or the enterprises of another Member.
(f) The allowance of special deductions directly related to exports or export performance, over
and above those granted in respect to production for domestic consumption, in the calculation of
the base on which direct taxes are charged.

(g) The exemption or remission in respect of the production and distribution of exported
products, of indirect taxes\(^3\) in excess of those levied in respect of the production and distribution of
like products when sold for domestic consumption.

(h) The exemption, remission or deferral of prior stage cumulative indirect taxes\(^3\) on goods or
services used in the production of exported products in excess of the exemption, remission or
deferral of like prior stage cumulative indirect taxes on goods or services used in the production of
like products when sold for domestic consumption; provided, however, that prior stage cumulative
indirect taxes may be exempted, remitted or deferred on exported products even when not
exempted, remitted or deferred on like products when sold for domestic consumption, if the prior
stage cumulative indirect taxes are levied on inputs that are consumed in the production of the
exported product (making normal allowance for waste).\(^5\) This item shall be interpreted in
accordance with the guidelines on consumption of inputs in the production process contained in
Annex II.

(i) The remission or drawback of import charges\(^3\) in excess of those levied on imported inputs
that are consumed in the production of the exported product (making normal allowance for
waste); provided, however, that in particular cases a firm may use a quantity of home market
inputs equal to, and having the same quality and characteristics as, the imported inputs as a
substitute for them in order to benefit from this provision if the import and the corresponding
export operations both occur within a reasonable time period, not to exceed two years. This item
shall be interpreted in accordance with the guidelines on consumption of inputs in the production
process contained in Annex II and the guidelines in the determination of substitution drawback
systems as export subsidies contained in Annex III.

(j) The provision by governments (or special institutions controlled by governments) of export
credit guarantee or insurance programmes, of insurance or guarantee programmes against
increases in the cost of exported products or of exchange risk programmes, at premium rates
which are inadequate to cover the long-term operating costs and losses of the programmes.

(k) The grant by governments (or special institutions controlled by and/or acting under the
authority of governments) of export credits at rates below those which they actually have to pay
for the funds so employed (or would have to pay if they borrowed on international capital markets
in order to obtain funds of the same maturity and other credit terms and denominated in the same
currency as the export credit), or the payment by them of all or part of the costs incurred by
exporters or financial institutions in obtaining credits, in so far as they are used to secure a
material advantage in the field of export credit terms.

Provided, however, that if a Member is a party to an international undertaking on official export
credits to which at least twelve original Members to this Agreement are parties as of 1 January
1979 (or a successor undertaking which has been adopted by those original Members), or if in
practice a Member applies the interest rates provisions of the relevant undertaking, an export
credit practice which is in conformity with those provisions shall not be considered an export
subsidy prohibited by this Agreement.

(l) Any other charge on the public account constituting an export subsidy in the sense of Article

2 DOMESTIC SUBSIDIES NOTIFIED BY MEMBERS IN THE RECENT PAST

Grants

(a) Cash payments by the government to local manufacturers of computers calculated as a
percentage of the companies’ in-house value-added.

\(^3\) Paragraph (h) does not apply to value-added tax systems and border-tax adjustment in lieu thereof; the
problem of the excessive remission of value-added taxes is exclusively covered by paragraph (g).
Reimbursable advances

(b) Government advances for aerospace R&D to be reimbursed where certain conditions are met.

Equity infusions

(c) Regional government purchase of share in capital in promoted companies.

Loans

(d) Government loans to fishermen at below-market rates for the acquisition of fishing vessels and equipment.

Interest subsidies

(e) Government subsidies of interest paid on loans to the mining sector.

Loan-guarantees

(f) Government guarantees of loans to priority sectors.

Tax concessions

(g) Reduced customs duties on imported parts used to produce aircraft and ships.

(h) Corporate income tax exemptions and/or reductions for income generated by investments in promoted regions.

(i) Reduced social security contributions for companies operating in specified regions.

Purchase of goods

(j) The purchase by the government of oilseeds at an above-market price designed to support farmers' income, with resale to consumers of the product at a loss.

Provision of goods

(k) Provincial government sale of land at less than fair market value to priority industries.
"MOCK" EXAMPLE OF NOTIFICATIONS UNDER ARTICLE 32.6

**CASE 1: Your country does not have any countervailing duty laws and/or regulations.**

A simple letter stating this fact is sufficient.6

**Example**

"With reference to Article 32.6 of the Agreement on Subsidies and Countervailing Measures, the Government of [name of Member] notifies the Committee on Subsidies and Countervailing Measures that it has no laws and/or regulations relevant to the Agreement."

**CASE 2: Your country has no specific countervailing duty laws and/or regulations BUT the Agreement is (a) incorporated into national law or (b) has force of law.**

The notification should state either (a) or (b), and in the case that (a) applies, should be accompanied by a copy of the domestic legal instrument incorporating the Agreement into national law, if such exists.

**Examples**

(a) "With reference to Article 32.6 of the Agreement on Subsidies and Countervailing Measures, the Government of [name of Member] notifies the Committee on Subsidies and Countervailing Measures that it has no laws and/or regulations relevant to the Agreement. The Agreement was incorporated in national law by [Act] Number [___] of [date], published in the Official Gazette on [date]. A copy of that [Act] is enclosed."

(b) "With reference to Article 32.6 of the Agreement on Subsidies and Countervailing Measures, the Government of [name of Member] notifies the Committee on Subsidies and Countervailing Measures that it has no laws and/or regulations relevant to the Agreement. The Agreement is applied with force of law in [name of Member]."

**CASE 3: Your country has no countervailing duty laws and/or regulations BUT is in the process of developing such laws and/or regulations.**

The notification should state this fact, and should state an estimated date when such laws and/or regulations will take effect and will be notified to the Committee.

**Example**

"With reference to Article 32.6 of the Agreement on Subsidies and Countervailing Measures, the Government of [name of Member] notifies the Committee on Subsidies and Countervailing Measures that it has no laws and/or regulations relevant to the Agreement. Such laws and/or regulations are currently being drafted and enactment is expected in [month, year] at which time the full text of the law [translated into [English] [French] [Spanish]] will be notified to the Committee."

**CASE 4: Yes, there are currently countervailing laws and/or regulations in existence in your country.**

The Member should submit to the Committee, in English, French, or Spanish, the full text of the laws and/or regulations regardless of the date of enactment of such laws and/or regulations.

**CASE 5: Yes, there are currently countervailing laws and/or regulations in existence in your country, BUT the text of the laws and/or regulations is in a language other than English, French, or Spanish.**

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6 The fact that no countervailing duty laws or regulations are in existence at the time the notification is made does not mean that such legislation cannot be introduced in future and in no way circumscribes the Member's right to develop such legislation.
The Member should translate the text(s) into English, French, or Spanish and submit the full translated text(s) to the Committee. In the meantime, a letter stating the existence of such laws and/or regulations, and the date on which the Committee can expect to receive the translated text(s), should be sent to the Committee.

Example

"With reference to Article 32.6 of the Agreement on Subsidies and Countervailing Measures, the Government of [name of Member] notifies the Committee on Subsidies and Countervailing Measures that it has laws and/or regulations relevant to the Agreement. Such laws and/or regulations are currently being translated into [English][French][Spanish], and it is anticipated that the full text(s) will be notified to the Committee in [month, year]."

CASE 6: Yes, there are currently countervailing laws and/or regulations in existence in your country, BUT new laws and/or regulations are being drafted.

The Member should submit to the Committee, in English, French, or Spanish, the full text(s) of the currently existing laws and/or regulations regardless of the date of enactment of such laws and/or regulations. In addition, a letter stating the fact that new laws and/or regulations are being drafted, and stating an estimated date when such laws and/or regulations will take effect and will be notified to the Committee, should be sent to the Committee.

Example

"With reference to Article 32.6 of the Agreement on Subsidies and Countervailing Measures, the Government of [name of Member] submits the enclosed laws and/or regulations relevant to the Agreement. In addition, the Government of [name of Member] wishes to inform the Committee that new laws and/or regulations are currently being drafted. Enactment is expected in [month, year], at which time a translation into a WTO language will be prepared and the law will be notified to the Committee."
"MOCK" EXAMPLES OF NOTIFICATIONS UNDER ARTICLE 25.11

CASE 1: Your Government has not taken any countervailing duty actions during the period January through June of the reporting year.

A simple letter stating this fact is sufficient.

Example

"In accordance with Article 25.11 of the Agreement on Subsidies and Countervailing Measures, and in response to the request for semi-annual reports contained in document G/SCM/N/[number], the Government of [name of Member] notifies the Committee on Subsidies and Countervailing Measures that it has taken no countervailing duty actions during the period 1 January through 30 June 1996."

CASE 2: Your Government has taken countervailing duty actions during the period January through June of the reporting year.

The format contained in G/SCM/2/Rev.1 should be completed and submitted. It should be received by the Secretariat not later than the date set forth in the request for semi-annual reports issued by the Committee.

CASE 3: Your Government has no competent authority, has never taken countervailing action, and does not anticipate doing either for the foreseeable future.

A one-time notification should be submitted, using the format in G/SCM/129, as follows:

"This is to notify that [Member's name] has not established an authority competent to initiate and conduct an investigation within the meaning of Article 25.12 of the Agreement on Subsidies and Countervailing Measures ("the Agreement") and thus has not, to date, taken any countervailing actions within the meaning of Article 25.11 of the Agreement and does not anticipate taking any countervailing actions for the foreseeable future. [Member's name] shall promptly notify the Committee on Subsidies and Countervailing Measures ("the Committee") of any changes that may take place in this regard. Specifically, [Member's name] shall notify the Committee pursuant to Article 25.12 of the Agreement upon the establishment of an authority competent to initiate and conduct countervailing duty investigations, as well as the domestic procedures governing the initiation and conduct of such investigations, and shall report without delay to the Committee any countervailing actions in accordance with Article 25.11 of the Agreement."

1 This notification shall be valid until further notice.