

# WORLD TRADE ORGANIZATION

RESTRICTED

**G/SCM/Q2/BRA/5**

1st July 1996

(96-2498)

**Committee on Subsidies and Countervailing Measures**

Original: English

## SUBSIDIES

### Questions from CANADA Regarding the New and Full Notification of BRAZIL<sup>1</sup>

The following communication, dated 20 June 1996, has been received from the Permanent Mission of Canada.

The following are questions regarding Brazil's notification pursuant to Article XV:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures.

1. We note from Brazil's notification that several of the notified programmes have scheduled termination dates. For example, BEFIEX is scheduled to end in December 1999. However, no such scheduled termination date is provided for PROEX. Does Brazil have any plans to phase-out PROEX?
2. With regard to PROEX, we note that the number of transactions covered in 1995 was almost three times the number of transactions covered in 1991/1993 (1,111 vs. 439). Does this increase reflect an expansion of the products covered by PROEX?
3. Information provided by Brazil regarding PROEX's budget, indicates that from "1993 onwards, figures related to equalization reflect the issuance of non-negotiable treasury notes (Notas do Tesouro Nacional - Serie I - NTN-I) for the full period of the relevant operations: one to ten years (averaging five to seven years)." Does this mean that the treasury notes are locked in place or "non-revocable" once they are issued?
4. The impression left from the submission is that the PROEX equalization payments are separate from and on top of other financing. Is this true?
5. Has Brazil used the PROEX programme to target any particular country in developing market share?
6. Has Brazil any intention of extending PROEX to cover new products?
7. Has Brazil any intention of amending PROEX to extend the payment period (current maximum is ten years) or to finance a larger portion of the purchase price (current maximum is 85 per cent of purchase price)?

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