

# WORLD TRADE ORGANIZATION

RESTRICTED

**G/SCM/Q2/COL/4**

4 October 1996

(96-4008)

**Committee on Subsidies and Countervailing Measures**

Original: English

## SUBSIDIES

### Questions from the EUROPEAN COMMUNITY Regarding the New and Full Notification of COLOMBIA<sup>1</sup>

The following communication, dated 19 September 1996, has been received from the Permanent Delegation of the European Community.

Colombia submitted on 30 June 1995 its notification of subsidy programmes to the WTO pursuant to Article XVI:1 GATT 1994 and Article 25 of the WTO Subsidies Agreement. In this respect, the European Communities would like to obtain clarification on a number of issues on the notified schemes as described below.

Moreover, the Community has obtained information on different subsidy schemes which were not notified to the WTO although their notification appears to be required pursuant to Article 25.2 of the Subsidies Agreement.

Furthermore, the Community would like Colombia to comment for each specific programme on how it will implement or is currently implementing its obligations under the Subsidies Agreement.

#### **I. NOTIFIED SUBSIDY PROGRAMMES**

##### **(a) Tax Reimbursements Certificate**

- Could Colombia provide more detailed information on the criteria for eligibility?
- Is the programme also available for imported capital goods?
- Colombia states that the duration of the programme is subject to the commitments stemming from the WTO Agreements. In this respect, can Colombia provide the table indicating how this subsidy will be phased out?

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<sup>1</sup>G/SCM/N/3/COL+ Suppl. 1.

(b) Special Machinery Import-Export System

- Colombia states that any natural or legal person engaged in manufacturing, exporting or marketing is eligible for these incentives. However, under the description of the programme and the objective, Colombia mentions that export activity is the main criterion. Could Colombia clarify this issue e.g. confirm that export activity is a requirement?
- Could Colombia provide the table indicating how this subsidy will be phased out?

**II. SUBSIDY PROGRAMMES NOT NOTIFIED TO WTO**

The Community examined the different policies of the Colombian authorities with respect to incentives to the local industry. In this respect, the following programme is available in Colombia and was not notified to the WTO.

(a) PROEXPO/BANCOLDEX Loans

Under this scheme the Foreign Trade Bank of Colombia (BANCOLDEX) gives loans at a **lower interest rate** than the market rate. In addition, BANCOLDEX provides a range of other export-related financial services for exporters.

(b) Transport Subsidies

Colombia applies a transport subsidy for freight and transshipment fees to export markets. The subsidy is given for a five-year period with decreasing rates, set at 26 per cent for the first three years and 13 per cent subsequently.

The Community would like clarification on why these programmes were not notified to the WTO and requests that, if appropriate, Colombia supplies a notification under Article 25, using the standard format. In addition, the Community would like Colombia to comment on the compatibility of the schemes with its obligations under Article 3 of the Subsidies Agreement, and to indicate whether there are any plans to phase out these subsidies.