

WORLD TRADE ORGANIZATION

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Committee on Subsidies and Countervailing Measures

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SUBSIDIES

Questions from CANADA Regarding the New and Full Notification of JAPAN¹

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

1. The notification indicates that budgeted grants for the security of mines amounted to some ¥ 4,290 million. Could Japan provide further information on what is meant by “security for mines”; i.e. what types of activities does this programme encompass? Can Japan clarify what proportion of the budgeted funding has actually been disbursed?
2. With respect to funding for promoting research and development for future ships, can Japan advise as to the nature of the activities funded; i.e. has funding been provided for, fundamental research, industrial research, or pre-competitive development activity, or all three? Could Japan indicate, where relevant, what proportion of funding has been provided for these types of research?
3. Regarding assistance under the programme entitled, “Tax Measures To strengthen the Management of Small and Medium-Sized corporations”, can Japan advise how small and medium sized corporations are defined? Are the tax measures (i.e. tax credit and deferral) applicable only to the acquisition of capital equipment? Would the same definition apply to the programme entitled: “Special Depreciation On Machinery (p. 17 of document G/SCM/N/3/JPN/Rev.1)?
4. For those programmes where the subsidy is provided in the form of a tax deferral, i.e. programmes described on pages 11-20 of document G/SCM/N/3/JPN/Rev.1, can Japan clarify the sort of asset on which income is being deferred; i.e. income from the use of an asset, sale of asset etc.? Where tax deferral does not mean some form of accelerated capital cost allowance, can Japan indicate in what year the income will be included into taxable income?
5. The notification of Japan does not appear to make any particular reference to assistance provided to the automotive or civil aircraft sectors. Does Japan offer assistance within the meaning of the Subsidies Agreement to these sectors?

¹G/SCM/N/3/JPN/Rev.1