

# WORLD TRADE ORGANIZATION

RESTRICTED

**G/SCM/Q2/TUN/4**

25 May 1998

(98-2133)

**Committee on Subsidies  
and Countervailing Measures**

Original: French

## SUBSIDIES

### Replies to Questions Posed by the European Community<sup>1</sup> and Japan<sup>2</sup> Regarding the New and Full Notification of Tunisia<sup>3</sup>

The following communication, dated 4 May 1998, has been received from the Permanent Mission of Tunisia.

#### Questions from the European Community

Tunisia submitted on 20 October 1997 its notification of subsidy programmes to the WTO pursuant to Article XVI:1 of GATT 1994 and Article 25 of the WTO Subsidies Agreement.

In this respect, the Community would like to obtain clarification on a number of issues on the notified schemes.

#### (a) Total and partial export regimes

The total and partial export regimes are clearly contingent upon export performance. Could Tunisia provide the timetable showing how these subsidies will be phased out as provided for in Article 27.4 of the SCM Agreement?

In the notification, Tunisia refers to benefits available for companies located in Export Processing Zones. Are these benefits covered by the notification of the total export regime or does this constitute a separate programme?

#### (b) Export promotion fund

How are "new Tunisian products" defined under FOPRODEX?

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<sup>1</sup>G/SCM/Q2/TUN/3.

<sup>2</sup>G/SCM/Q2/TUN/2.

<sup>3</sup>G/SCM/N/3/TUN-G/SCM/N/16/TUN-G/SCM/N/25/TUN.

**Under point 6 of the notification, Tunisia states that "these benefits go to companies resident in Tunisia whose products have sufficient local content". Could Tunisia explain what percentage local content is required to obtain the benefits under this programme?**

**Could Tunisia provide a timetable showing how this programme will be phased out in accordance with Article 27.3 (or, if appropriate Article 27.4) of the SCM Agreement?**

Questions from Japan

Question 1

Export promotion

- **Do Tunisia's export promotion programmes (the "total export regime" and the "partial export regime") constitute an export subsidy within the meaning of Article 3:1(a) of the Agreement on Subsidies and Countervailing Measures?**
- **If so, does Tunisia intend to phase out these programmes? If so, please give details on the timetable.**
- **If not, could Tunisia say why and state the criteria to be met by beneficiaries of each of these programmes?**

Question 2

Other benefits granted under Law No. 93-120 of 27 December 1993 promulgating the Code of Investment Incentives

**Could Tunisia state the criteria to be met by beneficiaries of this programme?**

Question 3

National upgrading programme

**Could Tunisia state the criteria to be met by beneficiaries of this programme?**

Replies

These replies are in answer to questions posed by Japan and the European Union and address three issues:

1. Total and partial export regimes

The investment incentives accorded by Law No. 93-120, including total or partial export-oriented investment, are directly linked to investment. The aim, in conformity with Article 1 of the Law, is to stimulate growth and to create jobs.

As they are horizontal incentives, no eligibility criterion has been set. Any investor can apply for the incentives thus granted. The investor need only indicate his status on the investment declaration to be submitted to the competent authorities.

Tunisia's sole intention is to benefit from the rights conferred upon it by the relevant provisions of the SCM Agreement.

Totally export-oriented enterprises and enterprises established in Export Processing Zones are subject to the same regime as the free zone. Trade between these companies and between them and outside companies is completely free: they are not subject to any formalities. However, products sold on the domestic market are viewed as imports and must therefore comply with all current legislation and regulations governing foreign trade, customs and exchange rates.

As for the other benefits available under the Law on investment incentives, the only eligibility criterion is the presentation of a financing plan involving a minimum of equity, the rates of which are set by decree. The current rate is 30 per cent.

2. FOPRODEX

Subsidies granted by the export promotion fund are given for agricultural and agri-food products only.

FOPRODEX's other activities consisting of assistance with market surveys, studies, training, participation in fairs and exhibitions, and furnishing of trade information do not fall within the purview of the provisions of Articles 2 and 3 of the SCM Agreement.

At this stage, bearing in mind the provisions of the Agreement in favour of developing countries and the importance of the fund, Tunisia does not intend to terminate the activities of FOPRODEX for the time being.

"New products" are products which do not fall within the bracket of traditional Tunisian exports.

Products with "sufficient local content" are products which are considered as originating in Tunisia in accordance with regulations in force and Tunisia's bilateral and multilateral commitments.

3. The National Upgrading Programme

All operational industrial enterprises which are not in difficulty and which exhibit potential for growth are eligible for the National Upgrading Programme.

Lastly, these subsidies will be examined on a case-by-case basis by my Authorities in order to better determine their exact nature, thus enabling us to discharge our obligations under the SCM Agreement.

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