

WORLD TRADE ORGANIZATION

RESTRICTED

G/SCM/Q2/TUN/7

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Committee on Subsidies and Countervailing Measures

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SUBSIDIES

Replies to Questions Posed by the UNITED STATES¹ and the EUROPEAN COMMUNITIES² Regarding the New and Full Updating Notifications of TUNISIA³

The following communication, dated 26 October 2001, has been received from the Permanent Mission of Tunisia.

QUESTIONS POSED BY THE UNITED STATES

Promotion of research and development

Question 1

Are the results of the research which is granted aid under this programme made public?

Reply

The results of the research which is granted aid under this programme are not made public.

Question 2

Are the exemption from customs duties and waiver of VAT and the consumption tax on purchases of capital goods needed for the investment a one-time exemption? Or do these exemptions continue annually? If they continue, do institutions/enterprises/industries need to reapply for these benefits?

Reply

The exemption from customs duties and waiver of VAT and the consumption tax on purchases of capital goods needed for the investment are a one-time exemption.

Question 3

Does the dollar or value amount of funds provided under this programme change on an annual basis?

¹ G/SCM/Q2/TUN/5.

² G/SCM/Q2/TUN/6.

³ G/SCM/N/38/TUN-G/SCM/N/48/TUN-G/SCM/N/60/TUN-G/SCM/N/71/TUN.

Reply

The funds provided under this programme are granted as a percentage of investments made.

Promotion of technology and technological expertise

Question 1

You state that the objective of the aid is to help industrial companies increase their local content. Is aid under this programme provided based on the amount of local content that is used in production?

Reply

Aid for the promotion of technology and the technological expertise is not based on the amount of local content that is used in production.

Question 2

Do industries/enterprises pay any type of fee or make a contribution to the Industrial Competitiveness Development Fund (FODEC)? Who pays for the studies that must be undertaken before benefits are provided under the FODEC?

Reply

The FODEC is financed by the contributions of enterprises.

The studies undertaken before the FODEC's involvement are financed by the enterprise in question.

Question 3

Must the funds provided by FODEC be repaid? Are the funds always provided to beneficiaries as a grant? Or are they provided in some other form, such as a low-interest loan to finance technological acquisitions? If the aid is provided in various forms, please detail which forms are used under what circumstances.

Reply

The funds provided by FODEC are non-repayable. They are provided in the form of grants and premiums.

Question 4

What conditions must be met in order for enterprises/industries to receive funding for human resource related activities?

Reply

In order to receive funding for human resource related activities in connection with the promotion of technology and technological expertise, the company concerned must submit, to the National Centre for Continuing Education and Vocational Advancement, a training plan along the

lines of a model drawn up by the responsible department in the Ministry for Vocational Advancement and Employment. This plan must specify, among other things, the nature, the organizational conditions and the duration of the planned training activities, the number and entitlement of the recipients and the training institution involved as well as estimated costs.

Encouragement of light industries and crafts and trade

Question 1

If the National Fund for the Promotion of Crafts and Trade and Light Industries (FONAPRAM) is managed by banks, do the banks make the judgement about whether or not funds will be provided to an enterprise?

Reply

Benefits granted in this area are charged to the National Fund for the Promotion of Crafts and Trade and Light Industry, managed by the banking institutions.

Question 2

Once the interest-free loan period has ended, are recipients required to repay the loan in one lump sum? Or do recipients repay the loan over a longer period of time? If repayment takes place gradually, what is the interest rate charged on the loan? How is the interest rate determined? Do these terms vary depending on the recipient of the loan? What happens to loans which cannot be repaid?

Reply

These loans are granted on an interest-free basis and are repayable within a maximum period of 11 years. The terms of the loan are general, and do not vary depending on the recipient.

Question 3

Can you provide any details about the value or volume of crafts/handicrafts which are exported annually?

Reply

The value of crafts/handicrafts which are exported annually is approximately 250,000 DT.

QUESTIONS POSED BY THE EUROPEAN COMMUNITIES

Question 1

Benefits granted for regional development

Can Tunisia please list the "activities by sector" eligible under this programme?

Reply

All sectors of industrial activity established in the regional development areas are eligible for the benefits granted under the Code of Investment Incentives.

Question 2

New entrepreneurs

Is this programme limited to investment in certain sectors?

Reply

This programme covers investments made by new entrepreneurs in all sectors of economic activity.

Question 3

Light industry and crafts and trades

(a) Please list the "activities envisaged in the Decree" which are eligible under this programme.

Reply

All sectors of economic activity are eligible for the light industry benefits.

(b) How is "light industry" defined?

Reply

Light industry is defined as small enterprises whose investment cost does not exceed 50,000 dinars, including the operating capital.

Question 4

Incentives for pollution control and environmental protection, export promotion, other advantages granted under Law No. 93-120 of December 1993 promoting the Code of Investment Incentives

Can Tunisia please confirm that these programmes are unchanged compared to the description given in document G/SCM/N/3/TUN-G/SCM/N/16/TUN-G/SCM/N/25/TUN dated 27 January 1998?

Reply

Incentives for investment in pollution control and environmental protection, export promotion and other advantages described in the basic notification submitted by Tunisia have not undergone any changes.

Question 5

Industrial competitiveness development fund (FODEC)

(a) Please explain the meaning of "priority equipment" and "priority investment" eligible for financial assistance.

Reply

The term "priority equipment" refers to technological equipment.

Priority technological investments as defined in the FODEC comprise:

**Physical investments in:*

- Design, testing, experimentation, formulation, sampling and research equipment;
- laboratory and control equipment;
- computer equipment relating to design and control;
- information technology equipment.

**Intangible investments in:*

- Design, control, research and development, information technology and quality;
- any intangible investment which relates to vocational training, research work and the introduction of a quality system.

(b) Who determines which equipment or investment is accorded "priority" and on which basis?

Reply

The Ministry of Industry decides on the granting of assistance following an opinion from the Consultative Committee. The request of the enterprise must be accompanied by the justifications envisaged in the Decree.
