

WORLD TRADE ORGANIZATION

G/SCM/Q2/CHL/17
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Committee on Subsidies
and Countervailing Measures

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SUBSIDIES

Questions from the EUROPEAN COMMUNITIES Regarding the New and Full Notification of CHILE¹

The following communication, dated 19 July 2004, is being circulated at the request of the Delegation of the European Commission.

1. Simplified System for Refunds for Minor Exports

Item V states that:

- Law No. 19,589 progressively reduced the percentage of the refund from several rates to a single rate of 3 per cent, valid as of 1 January 2003.
- Additionally, as of that same date, the 3 per cent simplified refund is granted exclusively to exports that include at least 50 per cent of imported inputs (Article 5(e), 2(i), of Law No. 19,589).
- Finally, the refund on inputs was eliminated on 1 January 1999.

Can Chile please explain if the refund system was effectively eliminated in 1999 or if the reduced rate of 3 per cent is still in place?

2. Motor Vehicle Statute

Item VIII states that the incentive came into effect on 28 December 1985 and lasted until 31 December 1998 in the case of tax credits, there being no time-limit in the case of exemption from payment of *ad valorem* duty. The tax credits have been abolished, and the exemption from payment of *ad valorem* duty was abolished by Law No. 19,912.

Can Chile please explain if the exemption from payment of *ad valorem* duty was effectively abolished as stated or if it is still in place without time limit?

¹ G/SCM/N/95/CHL.