

WORLD TRADE ORGANIZATION

RESTRICTED

G/SCM/Q2/JPN/18

29 April 1998

(98-1739)

**Committee on Subsidies
and Countervailing Measures**

Original: English

SUBSIDIES

Questions from the UNITED STATES Regarding the Updating Notification of JAPAN¹

The following communication was received 23 April 1998 from the Permanent Mission of the United States.

Q.1. In your description of the Subsidy for Modernizing Chemical Processes programme, you state that the purpose of this subsidy is to promote energy saving by developing innovative process technology. Please describe what "innovative process technology" means?

Q.2. The Subsidy for Technical Assistance to Small-Sized Enterprises and the Subsidy for the Bekko and Ivory Industries are available to assist SMEs. For purposes of these programmes, how do you define small- and medium-sized enterprises?

Q.3. For both the Grant for Promotion of Research and Development of Future Ships and the Development Expenditure Subsidies for the Commercialization of Energy-Related Technology, please explain what percentage of the project the grant covers and whether there are any stipulations as to how the funds can be used. In addition, regarding the second programme, would you please describe under what circumstances the grant is reimbursed?

Q.4. Regarding the Special Depreciation on Certain Machinery Used for High Technology Industries in the Designated High-Technology Industrial Development Areas, please specify what industries qualify as high-technology industries.

Q.5. You state that the purpose of the Capital Investment and Loan for R&D Projects Concerning Key Technology is to facilitate R&D projects in key technologies in the private sector through assistance in the form of a capital investment loan. Please specify (1) what industries/companies are included in "key technologies", (2) what percentage of the project the assistance covers, and (3) whether there are any stipulations regarding how the funding can be used.

Q.6. In your description of the Industrial Science and Technology Frontier Programme (ISTF) and the New Sunshine Programme, both of which fund R&D, you state that assistance is provided in the form of a "contract" to research organizations. What percentage of the project does the assistance offer and are there any stipulations concerning how the funding can be used? What is meant by "creative R&D" which is funded under the ISTF programme? In addition to the two previously mentioned programmes, the Real World Computing (RWC) programme also provides assistance in the form of a contract. Would you please explain what investment is covered when in the form of a contract?

¹ G/SCM/N/25/JPN & Suppl.1.