

WORLD TRADE ORGANIZATION

RESTRICTED

G/SCM/Q2/SVK/7

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(97-2238)

Committee on Subsidies and Countervailing Measures

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SUBSIDIES

Replies to Questions posed by the UNITED STATES¹ Regarding the New and Full Notification of the SLOVAK REPUBLIC²

The following communication, dated 23 May 1997, has been received from the Permanent Mission of the Slovak Republic.

Please provide information concerning the following programmes which did not appear to be included within the Slovak Republic's notification, yet may meet the notification requirements of GATT 1994 and/or the SCM Agreement. If these programmes are encompassed elsewhere in the Slovak Republic's notification, please explain. If not, please include information relevant to the elements requested in the notification format, or explain the basis on which the Slovak Republic determined that each programme did not meet the notification requirements referenced above:

Q1. Waste Minimization demonstration project sponsored by the World Environment Centre (WEC)

Answer

The Waste Minimization demonstration project sponsored by the WEC is currently conducted in Chemolak Smolenice enterprise. The project started in July 1996 and is aimed at reduction of the emission of organic substances in the air. Costs of this project have been US\$12,000 until now and have been donated by USAID.

Q2. Subsidies to the State Fund on Market Regulation for honey and canned meat

Answer

Export subsidies effected through SFMR in 1995 concerned the following products: milk powder, other dairy products (cheese), sugar, malt, beef and poultry, eggs. Export subsidies for honey had not been granted. Subsidies had been granted for beef, which had been exported in the form of canned beef.

¹G/SCM/Q2/SVK/5.

²G/SCM/N/3/SVK & Suppl.1.

Q3. Export Insurance provided by the Government of the Slovak Republic against long-term commercial risks

Answer

With the aim to encourage the development of foreign trade activities, the Slovak Government approved Law No. 379/1997 LC on Foreign Trade Promotion Fund and Law No. 80/1997 on Slovak EXIMBANK.

The Foreign Trade Promotion Fund was established to provide financial resources for the promotion of foreign trade. Financial resources could be provided for the financing of:

- costs related to foreign fairs and exhibitions (up to 50% of total costs)
- costs of advertisement materials and publications distributed abroad
- costs of analytical studies and researches on foreign trade
- costs of organizing of seminars for exchange of views and information on foreign trade
- payments of bank loans and interest from bank loans
- maintenance and investment costs of economic departments of embassies
- costs of commercial missions

Slovak EXIMBANK will start its activities as from 1 July 1997 and in accordance with state foreign trade, financial, monetary and industrial policy, will support export and import activities by financing of export and import loans and cover insurance costs of export loans to contribute to enhancement of the competitiveness of domestic products and improvement of foreign trade. EXIMBANK will provide:

- Financing of export loans:
 - direct or co-financing of mid and long-term export loans for export of machinery, equipment and investment projects;
 - re-financing of short-term export loans for exports of consumer goods and services;
 - financing of mid and long-term loans for investment promotion abroad.
- Financing of import loans:
 - direct or co-financing of import loans for exports of machinery, equipment and investment projects;
 - re-financing of short-term import loans for exports of consumer goods and services.
- Insurance of export loans:
 - mid and long-term against commercial and political risks;
 - short-term against political risks
 - mid and long-term export loans from investment promotion activities of domestic producers abroad against political and commercial risks;
 - short-term against commercial risks caused by foreign trade partners.

Q4. Tax policies to promote exportsAnswer

Tax policies to promote exports do not exist in current tax legislation.

Q5. Slovak Republic Export Promotion ProgrammeAnswer

See answer to Q3.

Q6. State subsidies to the energy, gas, telecommunication and rail transport sectors through state-owned entitiesAnswer

In the energy and gas sector maximum purchase prices have been established, but only for consumers. In the state budget an amount of Sk 2.6 billion - US\$86 million - was allocated to subsidies on heat supply for households.

There are no subsidies in the telecommunication sector.

As concerns railroad transport, state subsidies are provided for the development of infrastructure and investment.

Q7. State subsidies to brown coal mining enterprisesAnswer

With the aim to maintain social peace, the Government of the Slovak Republic provides the following subsidies:

- (a) coverage of so-called social obligations of coal mining workers; and
- (b) subsidy on sorted coal for households.

Q8. State subsidies for the restructuring of ore mining, to settle coal mining issues and for public construction projects aimed at environmental improvementsAnswer

The Government of the Slovak Republic provides financial resources to compensate the social impact of shutting down of the ore mining industry and also provides financial resources to programmes aimed at eliminating the negative impacts of the ore mining industry, particularly on the environment.

Q9. Concessionary loans and credit guarantees offered through the State Support Fund

Answer

The State Support Fund offers concessionary loans and guarantees bank loans, or their combination, but all these financial activities are subject to refund. In the case of non-refunding of the loan, the Fund takes ownership of the supported object and by the following sale gets back the invested capital.