

WORLD TRADE ORGANIZATION

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Committee on Subsidies and Countervailing Measures

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SUBSIDIES

Questions from the EUROPEAN COMMUNITY Regarding the New and Full Notification of VENEZUELA¹

The following communication, dated 19 September 1996, has been received from the Permanent Delegation of the European Community.

Venezuela submitted on 20 March 1996 its notification of subsidy programmes to the WTO pursuant to Article XVI:1 GATT 1994 and Article 25 of the WTO Subsidies Agreement. In this respect, the European Communities would like to obtain clarification on a number of issues on the notified schemes as described below.

Moreover, the Community has obtained information on different subsidy schemes which were not notified to the WTO although their notification appears to be required pursuant to Article 25.2 of the Subsidies Agreement.

Furthermore, the Community would like Venezuela to comment for each specific programme on how it will implement or is currently implementing its obligations under the Subsidies Agreement.

I. NOTIFIED SUBSIDY PROGRAMMES

(a) Income tax exemption for export profits

- Could Venezuela explain the concept of "non-traditional" goods?
- Could Venezuela give an overview of the sectors which have benefited from this programme?
- Venezuela states that the programme will end in 2001 but the national Executive may extend the period. In this respect, can Venezuela provide the table indicating how this subsidy will be phased out?

¹G/SCM/N/3/VEN.

II. SUBSIDY PROGRAMMES NOT NOTIFIED TO WTO

The Community examined the different policies of the Venezuelan authorities with respect to incentives to the local industry. In this respect, the following programmes are available in Venezuela and were not notified to the WTO.

- Duty drawback system (June 1994)
- Export incentives for the automobile industry, in accordance with a bilateral understanding between Colombia and Venezuela under the Andean Pact Automotive Policy in order to ensure to buy each other's automobiles.

The Community would like clarification on why these programmes were not notified to WTO and requests that, if appropriate, Venezuela supplies a notification under Article 25, using the standard format. In addition, the Community would like Venezuela to comment on the compatibility of the scheme with its obligations under the Subsidies Agreement, and to indicate whether there are any plans to phase out these subsidies.