

Development Strategies and Subsidies - An Appraisal of S&D Treatment on Subsidies in Doha Negotiations

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I. Introduction

Subsidies have been recognised as a useful way to develop the national economy, as shown in the economic literature. Nevertheless, international trade regime today has been deemed as a rule-based system, namely, the Agreement on Subsidies and Countervailing Measures (hereinafter, SCM Agreement). The late comers are constrained to the use of industrial subsidies, unless some flexibility, namely, the special and preferential (S&D) treatment are granted, either stipulated in the agreement or was so decided in the General Council of the WTO.

This paper aims at exploring the interaction between the state behaviour of the developing countries and international negotiations. Assuming the states act on behalf of national interests as an autonomous unit, they shall seek for maximise their national interests, needless to say, the trade interests, in international trade talks. Nevertheless, the WTO's new multilateral negotiations in the name of Doha Development Round do not seem sufficiently to address the issue of the S&D treatment of the subsidies. It is observed that the developing countries are, to some extent, passive in the new negotiations. Then, we further ask why the developing countries do not actively to the international negotiations? Does it due to the unsuccessful experiences for the implementation? As there are some successful stories to use industrial development subsidies for exports, and they further request for extension of S&D grace period, we might conclude that the states still respond to the international negotiations, either actively or passively, depending upon the experiences for subsidies implementation. For those developing countries, given they are keen to keep the 'ladder'(the rights for use of export subsidies), they might continue to benefit from the preferential treatment. For those developing countries which do not, they shall be bound for international norms without any exceptional treatment.

Section I begins with an introduction. Section II of this paper narrates the background of Doha Development Agenda. Special attention is paid to the development dimension of this multilateral talk, and the struggle between the demands from the developing countries and hypocrisy from the developed countries. Section III reviews the economic effects of industrial subsidies, and the empirical studies show the implementing subsidies for strategic industrial development might be successful or failed. Section IV examines the participations of developing countries in WTO negotiations, in particular, with the issues on the extension of the grace

period of S&D treatment. Our case studies show the implementation of export subsidies in some developing countries have not been too useful.

II. Doha Development Agenda: the development dimension of trade

Development has been on the mind of trade negotiators since the early years of GATT. As Kenneth W. Dam observed, not only had the General Agreement been several times to elaborate further the rules governing developing country trade, but the GATT as an institution had changed from a passive caretaker of a multilateral legal instrument to an international body affirmatively, and at times aggressively, attempting to promote the exports of developing countries.¹ This objective that brings developing countries more fully into the world trading system made developing countries “free riders” that were not bound tightly to GATT regimes.² They were free-riding in the sense that they defensively sought special and differential treatment on commitments to open their markets and tried to obtain marginal trade preferences or concession on a nonreciprocal basis instead of seeking for market access in the industrialized countries.

The Uruguay Round marked a watershed in the participation of developing countries in the trading system.³ It is because that developing countries had learned to take a more active role in organizing themselves, forming coalitions and devising bargaining strategies in this round; at the same time, the single undertaking of the Uruguay Round required developing countries to accept all the negotiated agreements, including those containing provisions that would be difficult for many of them to implement in the prescribed period. By and large, according to the scholars’ estimate in the mid-1990s, developing-country gains from these negotiations revealed a mixed picture but overall fairly significant benefits.⁴

Take subsidies as the example, after the conclusion of the Uruguay Round, the existing prohibited subsidies in industrial countries are to be phased out over a

¹ Kenneth W. Dam, *the GATT: Law and International Organization* (Chicago, IL: the University of Chicago Press, 1970): 225.

² Diana Tussie & David Glover, eds., *the Developing Countries in World Trade* (Boulder, CO: Lynne Rienner Publishers, Inc. 1993).

³ Jayashree Watal, “Developing Countries’ Interests in a ‘Development Round’,” in Jeffrey J. Schott, ed., *the WTO after Seattle* (Washington, D.C.: Institute for International Economics, 2000): 71-83.

⁴ Will Martin and L. Alan Winters, *the Uruguay Round and the developing Countries* (Cambridge, UK: the University of Cambridge Press, 1996).

three-year period. In developing countries, longer phase-out periods are allowed. Subsidies contingent upon the use of domestic inputs have a five-year grace period in developing countries and eight-year grace period in least-developed countries. Subsidies contingent on exports have a grace period of eight years in developing countries except for the least-developed countries and countries with GNP per capita of less than \$ 1,000, where no reduction is required. The above shows the improvement of bringing export subsidies and countervailing duties to discipline with the consideration of special and differential treatment for developing countries.

Yet as the WTO Agreements are implemented, developing countries perceive that they are losers. This perception arises partly from the fact that implementation of WTO commitments has been more costly than anticipated and partly from the belated realization that they had accepted fairly weak commitments in agriculture and textiles while making much stronger ones, especially in new areas such as intellectual property.⁵ Most developing countries, no matter how diverse this group was, came to realize that mercantilism was still salient in the trading system and the Uruguay Round agenda reflected, in large part, the priorities of developed countries.⁶ Different emotions and voices expressed in Seattle of 1999, which had originally set to launch the ninth round of multilateral trade negotiations, demonstrated developing countries' agony and antagonism.⁷ To mitigate the alienation of developing countries, it may partly explain why the heads of WTO and the World Bank had coined the phrase "Development Round".

A. Doha Development Agenda: atmosphere becomes soured

In the 21st century developing countries have widely differing priorities and interests depending on their level of development, on their obligation under regional integration initiatives, and on their dependence on trade in agriculture and commodities, manufacturing, or services. Doha Development Agenda was initiated in November, 2001. The key issues include agriculture, non-agricultural market access (NAMA), services, trade facilitation, environment and trade, TRIPS, trade rules, regional trade arrangements, small economies, special and differential treatment, and etc. Doha round did consider some proposals to allow certain subsidies for development. In Doha Ministerial meeting, it is particularly anticipated that the

⁵ See supra note 3, p. 72.

⁶ Joseph E. Stiglitz and Andrew Charlton, "A Development Round of Trade Negotiations?" paper presented at the Annual Bank Conference on Development Economics, May 11, 2004.

⁷ Joseph E. Stiglitz, *Globalization and Its Discontents* (New York: W.W. Norton & Company, 2002): 244-246.

Ministerial Conference “takes note of the proposal to treat measures implemented by developing countries with a view to achieving legitimate development goals, such as regional growth, technology research and development funding, production diversification and development and implementation of environmentally sound methods of production as non-actionable subsidies, and agrees that this issue be addressed...” During the process of negotiations, members were urged to exercise due restraint with respect to challenging such measures.⁸

As a large number of issues were placed on the table and the negotiations continued and intensified, the focus became lost, not to mention that spreading already scarce negotiation resources over too many areas too thinly only indicated an omen for the future of bargaining. There are many flashing points that attracted negotiators’ and observers’ attention on this foggy negotiation terrain. One of the main objectives around that many key players’ expectation converged was to push for agricultural reform. The U.S. and E.U. put it high on their list.⁹ Many developing countries also viewed it as the primary objective of the round.¹⁰ Even some NGOs considered it the key to the success of the Doha Round.¹¹ This thorny issue consumed so much energy of all parties that the negotiations tend to collapse. This kind of argument was not confined to NGOs such as Oxfam; they were shared by some leaders of multilateral organizations as well. Nicholas Stern, the World Bank’s senior vice president, has observed, “It is surely hypocritical of the rich countries to encourage poor nations to liberalize trade, whilst at the same time succumbing to powerful groups in their own countries that seek to perpetuate narrow self-interest.”¹²

B. Talkers and doers: agents living in the shadowy issues

The paragraph 44 of Doha mandate is particularly referred to S&D treatment. It is agreed that the implementation of current S&D Treatment provisions would be reviewed. Such tasks include identifying the current provisions, considering whether

⁸ WTO document WT/MIN(01)/17.

⁹ Gary Clyde Hufbauer and Jefferey J. Schott, “the Doha Round after Hong Kong,” *Policy Briefs in International Economics*, No. PBO 6-2, Institute for International Economics, February 2006.

¹⁰ “Reform of agricultural trade is of central importance for many developing countries” and is “an essential ingredient of the negotiation and its outcome”. Paragraph 7, TN/RL/W/13, 6 Jun. 2003. Communication from Argentina, Bolivia, Botswana, Brazil, Chile, China, Colombia, Cuba, Dominican Republic, Ecuador, El Salvador, Gabon, Guatemala, Honduras, India, Malaysia, Mexico, Morocco, Nicaragua, Pakistan, Paraguay, Peru, Thailand, Uruguay, Venezuela, and Zimbabwe.

¹¹ For example, Oxfam argued in 2000 that “agriculture is the key to unlocking the Doha development agenda, and without constructive steps on this issues, the broader negotiations cannot really restart.” cited by Stiglitz and Charlton in their paper, see note 6, p. 8.

¹² *Ibid.*

some of the non-mandatory provisions should be made mandatory, consideration of how to make preferential treatment towards developing countries more effective, and help for developing countries use them more effectively.

The Doha mandate led to the tabling in the first half of 2002 about 90 proposals, reduced to 88 before Hong Kong meetings 2005, to change existing provisions from the U.S., EU, Hungary and nine developing countries or groups of developing countries.¹³ According to Sheila Page and Peter Kleen, the negotiation has resulted in more tension between groups than more significant areas like agriculture or even the Singapore issues. The lack of clear focus for the discussions encouraged circular arguments about the method of negotiation. In negotiations on agriculture and non-agricultural goods, the success of the negotiation is bound together. On the one hand, from viewpoint of developing countries, the developed countries would make maximal use while negotiating to create or modify the current trade regime. On the other hand, some developed countries do not see the value in general commitments for special treatment, and would prefer to deal with specific requests in specific talks. This has polarized into accusations of bad faith and ignorant negotiating.¹⁴

Some special attention is paid to the issue of industrial development subsidies, as most developing countries still considered that granting the industrial development subsidies is the path to economic prosperity. However, in the beginning of the negotiations regarding subsidies, the viewpoints expressed by the developed countries are less 'development oriented'. The U.S. has argued that there is longstanding and widespread agreement that subsidies can undermine the efficient allocation and utilization of resources, the best foundation of economic growth and development. Government attempts to create artificial advantages through subsidization distort market signals indicating where the most profitable business opportunities can be found.¹⁵ Canada also clearly showed its viewpoint that the fault line exists between rich countries and developing ones with regard to what the best means even everybody wants to claim the high more ground of supporting the development needs of developing countries.¹⁶

From the viewpoints of the developing countries, India suggests that as the industries in developing countries suffer from structural weaknesses, the state will

¹³ Sheila Page and Peter Kleen, *Special and Differential Treatment of Developing Countries in the World Trade Organization*, Global Development Studies, No. 2, EGDI Secretariat, Ministry for Foreign Affairs, Sweden, 2005, p. 37.

¹⁴ *Ibid.*, p. 39.

¹⁵ TN/RL/W/33 (December 2, 2002).

¹⁶ TN/RL/W/1 (April 15, 2002)

have to play a more pro-active role in assisting the industry. It emphasizes the role of input subsidies in the industrialization process and urges WTO to take a more lenient view about industrial subsidies. It laments that the benefits of the S&D concessions have largely been offset by imposition of too many countervailing duties against products originating in developing countries.¹⁷ To sum up, the expectations gap between the developing countries and developed countries on the use of subsidies for industrial development has been enormous.

III. Do Developing Countries benefit from subsidies? A gap between theory and reality

Industrial subsidies have been considered as a policy tool to achieve the national economic and non-economic goals of a country by intervening in the allocation of resources among industries or sectors of the country, or in the organisation of an industry or sector. These goals may change over time and evolve with the stage of development of the economy.¹⁸ With regard to industry policies, two factors are considered, 1) the extent to which an economy can consume spill-over and 2) the extent to which externalities can be contained within the domestic economy.¹⁹ Such subsidies may include the ones for research and development (R&D), importing inputs, export facilitation and tax concessions for investment. The instruments used may vary as the goals of industry policy changes in different stages of development. Usually governments are more willing to implement industrial strategy policies if the benefits flow disproportionately to domestic firms. In order to enhance the competitiveness of domestic firms in certain industrial sectors, governmental interventions, notably, state aids, have been commonly used to achieve the goals of strategic industry policies.

It has been extensively studied in economics literature, with regards to the economic effects of subsidies.²⁰ Spencer and Brander (1983) and Krugman (1984)

¹⁷ TN/RL/W/4 (April 25, 2002).

¹⁸ The different roles for government intervention could be summarised as follows: to act as a referee in the operation of free markets, to regulate public utilities to ensure efficient provision of goods produced by natural monopolies, to pursue social objectives such as income redistribution and correction of externality problems, to safeguard the well-being of consumers.

¹⁹ Busch (1999) examines several of the most important commercial rivalries in high technology, civil aircraft, semiconductors and robotics, to evaluate how the presence of externalities may have shaped decision-making processes.

²⁰ It is worth noting that the definition of subsidies is stipulated as Article 1.1(a)(1) of SCM

point out that government may wish to help domestic firms increase market shares in some profitable sectors. Spencer and Brander further analyze industrial strategy policies in the form of export subsidy or R&D subsidy. Their studies demonstrate that governments subsidise activities, while firms themselves use subsidies for strategic purposes which capture large shares of profit-earning in imperfect competitive industries.²¹ Brander and Spencer illustrates that countries often perceive themselves as being in competition with each other for profitable international markets. Therefore, export subsidies appear to become an attractive policy tool, because they improve the relative position of a domestic firm in non-cooperative rivalries with foreign firms, which can reduce marginal costs of production, enabling it to expand the international market share, earn greater profits, international competition and domestic welfare.²²

Furthermore, the use of export subsidies is aimed at encouraging domestic production of an intermediate input and a final product in a model with international rivalry between firms in two countries. Whether subsidies are welfare-improving depends on whether firms are vertically integrated. It is shown that as long as firms in at least one country are vertically integrated, the optimal subsidy on final-good production is positive.

A. Some successful lessons of industrial development subsidy: developed countries and East Asian economies

The experiences of East Asian Tiger economies are successful stories by using government interventions, as industrial development subsidies. Even in a World Bank report, it is acknowledged the important role of both getting the fundamentals right in development and export-push strategies.²³ The East Asian's government made efforts to promote specific export industries, and provided institutional support and

Agreement refers to, (i) a government practice involves a direct transfer of funds (e.g. grants, loans, and equity infusion), potential direct transfers of funds or liabilities (e.g. loan guarantees); (ii) government revenue that is otherwise due is foregone or not collected (e.g. fiscal incentives such as tax credits); (iii) a government provides goods or services other than general infrastructure, or purchases goods, etc. The definition of subsidy in SCM Agreement seems to be more concretely defined than the scope of economic effects of 'subsidy' in economics literature.

²¹ Spencer B.J. and J.A. Brander (1983), 'International R&D Rivalry and Industrial Strategy', *Review of Economic Studies*, 50: 707.

²² Brander J.A. and B.J. Spencer (1985), 'Export Subsidies and International Market Share Rivalry', *Journal of International Economics*, 18: 83.

²³ World Bank, 'The East Asian Miracle – Economic growth and public policy', *World Bank policy Research Report*, (Washington, DC: World Bank and Oxford University Press, 1993).

duty-free regime. Firm-specific export targets were also part of export promotion strategy that actual exports often exceeded the targets World Bank concludes that government interventions resulted in higher and more equal growth.

Nevertheless, the late-comers following the same path seem to be failed. World Bank proposed two prerequisites for the success of East Asian economic miracles, namely, 1).institutional mechanism with some clear criteria for selective interventions and to monitor performance, and 2) mechanism that prevented the costs of interventions from becoming excessive.²⁴ Some studies shows the export success is due to that the Asian tiger economies did something right in mounting their selective interventions. Lall concludes that there does remain some scope for the use of selective policies to promote exports.²⁵ Chang (2002) examines the experiences of developed countries and considers what kinds of industrial, trade and technology policies in the early stages of their development. Almost all the developed countries used infant-industry protection and other activist industrial policies as the ‘ladder’ towards development, when they were catching-up economies.²⁶

B 、 Failed stories: Industrial development subsidies in developing countries

In Latin America and the Africa, subsidies as a development strategy have not been successful. In Latin America, Nogues’s research shows there was not a common element among successful studies. As the diversification of exports towards manufactures occurred, the policies of more open import regime and relative stability in real exchange rates were pursued. Therefore, those subsidizing countries faced large opportunity costs and an additional waste of resources through rent-seeking activities induced in the private sector. Similarly, in African countries, industrial development subsidies were less successful which implementation problems were identified and supply-side constraints exist.²⁷ In Tanzania, the difficulties with the

²⁴ WTO, Subsidies, Trade and the WTO, *World Trade Report 2006 – Exploring links between subsidies, trade and the WTO*, (Geneva: WTO, 2006): 80-82.

²⁵ Lall, S., Selective Policies for Export Promotion: Lessons from the Asian Tigers, in Helleiner, G.K. Ed., *Non-traditional Export Promotion in Africa: Experience and Issues*, (New York: Palgrave Macmillan, 2002).

²⁶ But Chang doesn’t provide evidence regarding the effect of activist policies on economic performance. See Chang, H.J., *Kicking Away the Ladder: Development Strategy in Historical perspective*, (London: Anthem Press, 2002), 61-62.

²⁷ Nogues, A., Evaluating the Case for Export Subsidies, in *World Bank Policy Research*

implementation of the measures are more general supply-side constraints that the momentum was not sustained.²⁸ In 13 African countries studied by Hinkle, Herrou-Aragon and Kubota, no sampled country came anywhere close to international best practice for export incentive.²⁹

It is noteworthy some export subsidies are taken in the form of Export Processing Zones (EPZs), which have frequently the expected role of engines of industrialization and growth. But the EPZs can only play a dynamic role in a country's development under appropriate setup and good management on certain conditions.³⁰ The EPZs in Kenya, South Africa, Tanzania and Zimbabwe that were not important contributions to African non-traditional export expansion, but Mauritius EPZs played a critical role with implementation.³¹

IV. The implementation of subsidies and new proposals from developing countries

This section focuses on two aspects of the role of industrial development subsidies, in terms of its implementation and the contribution made by the developing countries in Doha talks. Firstly, it examines the proposals on the table from the developing countries. Secondly, for those developing countries rely upon the subsidies as a motor for industrial development, the endeavours from developing countries in quest of S&D treatment, in terms of its scope and transition period, are studied. Thirdly, we seek for some explanations why the developing countries have been unable to make amendments to S&D provisions, due to the unsuccessful experiences in implementing subsidies for purposes of development and lacking capacity for initiations..

A. Old wine in a new bottle. What is new in Doha?

Working Paper 182, (Washington, DC: World Bank, 1989).

²⁸ Ndulu, B., J. Semboja and A. Mbelle, Promoting Non-traditional Exports in Tanzania, in Helleiner G.K.Ed., *Experience Non-traditional Export Promotion in Africa – Experience and Issues*, (London: Palgrave, 2002).

²⁹ Hinkle, L., A. Herrou-Aragon and K. Kubota, How Far did Africa's First Generation Trade Reforms Go?, in *Africa Region Working Paper Series*, No. 58a and 58b, (Washington DC: World Bank, 2003).

³⁰ Madani, D., A Review of the role and Impact of Export Processing Zones, in *Policy Research Working Paper 2238*, Development Research Group, (Washington, DC: World Bank, 1999).

³¹ Subramanian, A. and D. Roy, Who can Explain the Mauritian Miracle: Meade, Romer Sachs, or Rodrik?, in *IMF Working Paper No 01/116*, (Washington, DC: IMF, 2001). Helleiner, G.K., *Experience Non-traditional Export Promotion in Africa – Experience and Issues*, (London: Palgrave, 2002).

Doha negotiations have encouraged the Members to make amendments and improve the current discipline based on the implementation of SCM Agreement, as stated in the Doha Ministerial Declaration. The following discussion focuses on the proposals contributed by the developing countries in the Negotiating Group on Rules (NGR) and the review of implementation on SCM Agreement with regard to S&D treatment.

WTO members in the NGR have focused on the refinement of current disciplines, namely, anti-dumping measures³², subsidies and countervailing measures³³, and regional free trade agreement. As the paragraph 28 of the Doha Declaration states,

“In the light of experience and of increasing application of these instrument by Members, we agree to negotiations aimed at clarifying and improving disciplines under the Agreement on implementation of Article VI of the GATT 1994 and on Subsidies and Countervailing measures, while preserving the basic concepts, principles and effectiveness of these Agreements and their instruments and objectives, and *taking into account the needs of developing and least-developed participants*.(italic added)”³⁴

Of all proposals regarding subsidies on the table, some large developing countries, in particular, Brazil and India, have enthusiastically proposed for some amendments to current subsidy discipline. But few have been proposed to extend the scope of S&D preferential treatment or reinstate the sunset non-actionable subsidy. The focal points of the proposals delivered by developing countries are discussed as following.

1. India

India has claimed its rights for S&D treatment, as it is qualified as a developing country pursuant to Annex VII (b) of SCM Agreement. According to a commentator, India has taken the most pro-subsidy position in the negotiations.³⁵ First of all, India

³² The Agreements on Implementation of the Article VI of the General Agreement on Tariffs and Trade 1994, Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, [hereinafter the AD Agreement].

³³ Agreement on Subsidies and Countervailing Measures, [hereinafter SCM Agreement].

³⁴ *The Doha Ministerial Declaration*, WT/MIN(01)/DEC/1, adopted November 20, 2001, available at http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm, visited on Mar. 7, 2007

recognises the significance of the subsidies as an active and positive role in assisting its industry.³⁶ It therefore seeks for weakening the current subsidy discipline, in particular, by waiving the obligations for use of the subsidies contingent upon the use of domestic over imported goods. Secondly, India proposes that on the condition that developing countries are entitled to use export subsidies not exceeding 5 per cent *ad valorem*, S&D treatment shall be warranted to the developing countries.³⁷ Generally speaking, India's participation in NGR has showed its intention to weaken current SCM Agreement by making amendments to the possible use of 'prohibited subsidies' by developing countries under the umbrella of S&D treatment.³⁸

2. Brazil

Brazil has been emphasised its industrial interests by presenting proposals on export subsidies, *inter alia*, with regard to the export credits for aircraft industries,³⁹ though it is still plausible whether Brazil is eligible for the S&D treatment.⁴⁰ It is therefore of Brazil's great concerns to make amendments to the provisions on the 'safe harbour' of the SCM Agreement, as Brazil is disadvantageous vis-à-vis the signatories of the OECD's Arrangement on Officially Supported Export Credits in terms of international credits. Brazil, which is a full WTO member, but yet not an OECD member, asserted higher sovereign credit risks are unfairly treated for Brazil. Nevertheless, Brazil was unprecedentedly admitted to take part in the civil aircraft

³⁶ Mangnus, John R. "World Trade Organization Subsidy Discipline: Is This The "Retrenchment Round"?" *Journal of World Trade* 38, no. 6 (2004): 992

³⁷ TN/RL/W/4, 25 Apr. 2002.

³⁸ It is not the main foci of this paper to discuss other Indian proposals concerning CVDs investigations, though India has expressed the desirability to grant more preferential treatment for developing countries in the investigation of countervailing duties.

³⁹ The rivalry between Brazilian and Canadian regional aircraft industries has become a saga in the study of strategic trade policy. Both Canadian and Brazilian sides have initiated litigations over subsidies upon regional aircrafts in WTO and exhausted the dispute settlement procedures. On Brazil, Panel on *Brazil – Aircraft*, WT/DS46/R, 14 Apr. 1999. Appellate Body on *Brazil – Aircraft*, WT/DS46/AB/R, 2 Aug. 1999. Article 21.5 (Panel), *Brazil – Aircraft*, WT/DS46/RW, 9 May 2000. Article 21.5 (AB), *Brazil – Aircraft*, WT/DS46/AB/RW, 21 Jul. 2000. *Brazil – Aircraft* (22.6) WT/DS46/ARB, 28 Aug. 2000. *Brazil – Aircraft*, Article 21.5 II (Panel), WT/DS46/RW/2, 26 Jul. 2001. On Canada, Panel on *Canada – Aircraft*, WT/DS70/R, 14 Apr. 1999. Appellate Body on *Canada – Aircraft*, WT/DS70/AB/R, 2 Aug. 1999. *Canada – Aircraft*, Article 21.5 (Panel), WT/DS70/RW, 9 May 2000. *Canada – Aircraft*, Article 21.5 (AB), WT/DS70/AB/RW, 21 Jul. 2000. Panel on *Canada – Aircraft II*, WT/DS222/R, 28 Jan. 2002. *Canada – Aircraft II* (22.6), WT/DS222/ARB, 17 Feb. 2003. See, for example, McGuire Andrea E. Goldstein & Steven M. McGuire, 2004. "The Political Economy of Strategic Trade Policy and the Brazil-Canada Export Subsidies Saga," *The World Economy*, Blackwell, vol. 27(4), pages 541-56

⁴⁰ According to World Bank, the GNP per capital of Brazil in the year of 1998 is 4,630 USD. Based on the criteria established in Annex IV, Brazil may not be eligible to enjoy the S&D treatment. Available at <http://www.worldbank.org/depweb/english/modules/basicdata/datasamebasic.html> Visited 8 Aug. 2007.

export credits of the OECD⁴¹ in July 2007, which is also known as the Aircraft Sector Understanding (ASU).⁴² As stated by Angel Gurría, the OECD Secretary-General., ‘a legitimate instrument to prevent and defuse trade conflicts in a very contested and crucial sector, a new safety net against potential transaction based disputes. If we had had this agreement 15 years ago, much of the costly disputes may have been avoided or scaled down.’⁴³ It is thereby expected that Brazil may take radical stance in negotiations in this regard, as Brazil is reconciled with OECD members on the export subsidies in form of export credits for aircraft industries.

3. Venezuela & Cuba

Venezuela & Cuba proposed to reinstate the expired ‘non-actionable subsidy’ category.⁴⁴ Venezuela’s proposal is the only one submission on non-actionable subsidies, in particular, from developing perspective. The so-called ‘green light subsidy’ is stipulated in the Article 8 of the SCM Agreement that Members may, under certain conditions specified in the Agreement, apply a series of subsidies aimed at providing assistance for research activities conducted by firms or by higher education or research establishments, assistance to disadvantaged regions and assistance to promote adaptation of existing facilities to new environmental requirements imposed by laws and regulations.

To sum up, the proposals from developing countries in WTO Doha round to promote further use of industrial development subsidies, to some extent, disappointing. The submissions have shown that developed countries have not paid too much attention to further the S&D treatment of SCM Agreement. Neither have the developing countries been able to propose amendments as a basis to reinstalling non-actionable subsidies and to extending the use of subsidies for purposes of industrial development.

⁴¹ ‘2007 Sector Understanding on Export Credits for Civil Aircraft’, TAD/PG(2007)4/FINAL. 27 Jun. 2007. Full text available at

[http://www.oilis.oecd.org/olis/2007doc.nsf/43bb6130e5e86e5fc12569fa005d004c/301b7004b9522aefc1257325003492fa/\\$FILE/JT03230605.PDF](http://www.oilis.oecd.org/olis/2007doc.nsf/43bb6130e5e86e5fc12569fa005d004c/301b7004b9522aefc1257325003492fa/$FILE/JT03230605.PDF)

⁴² *Brazil joins OECD countries in landmark pact on civil aircraft export credits*, OECD, 30 July 2007. Available at

http://www.oecd.org/document/0/0,3343,en_2649_36424212_39045184_1_1_1_1,00.html

Accessed on 8 Aug. 2007.

⁴³ Angel Gurría, Remarks made by Angel Gurría during the Signing Ceremony in Brazil. 30 July 2007. Available at

http://www.oecd.org/document/49/0,3343,en_2649_201185_39052529_1_1_1_1,00.html.

Accessed 9 Aug. 2007.

⁴⁴ TN/RL/W/41/Rev.1, 10 March 2003.

B. Hot debate in SCM Committee. To extend or to eliminate S&D Treatment?

Article 27.1 of SCM Agreement made it clear that ‘Subsidies may play an important role in economic development programmes of developing country Members.’ Under some circumstances prescribed in the Agreement, developing Members are permitted to the use of export subsidies. However, developing countries have made efforts to safeguard their privilege under article 27 of SCM Agreement. Some still seek for extend the phase-out period under S&D treatment, but the developed countries are reluctant to grant such prolongation for it.

1. Eligibility

The eligibility of S&D treatment for WTO members has been disputable, as the status of ‘developing country’ is by self-nomination. On S&D treatment for subsidies, two categories of developing countries eligible for special treatment are enlisted in Annex VII. One category is the least-developed countries (LDCs), list of which are triennially updated by the United Nations.⁴⁵ The other one is more plausible, as the inclusion of developing country Members in the list in Annex VII (b) is based on the most recent data from the World Bank on GNP per capita not exceeding one thousand USD dollars. Due to the ambiguity in the language of the agreement, the Ministers so decided that the GNP per capital threshold implies that constant 1990 dollars and must be exceeded for three consecutive years.⁴⁶ The Ministerial decision not only rendered the graduations later, but also allowed developing countries to re-enter the transitional period for use of export subsidies, while its economy again falls below the threshold.⁴⁷

Furthermore, the programmes of export subsidies eligible for extension, in

⁴⁵ 50 countries are enlisted In the latest list of LDCs countries. For full list of the countries, see <http://www.un.org/special-rep/ohrlls/ldc/list.htm>. The inclusion of LDCs are based on three criteria, 1) low-income criterion, based on a three-year average estimate of the gross national income (GNI) per capita under \$750 for inclusion; 2) a human resource weakness criterion, involving a composite Human Assets Index (HAI) based on indicators of: (a) nutrition; (b) health; (c) education; and (d) adult literacy; and 3) an economic vulnerability criterion, involving a composite Economic Vulnerability Index (EVI) based on indicators of: (a) the instability of agricultural production; (b) the instability of exports of goods and services; (c) the economic importance of non-traditional activities (share of manufacturing and modern services in GDP); (d) merchandise export concentration; and (e) the handicap of economic smallness (as measured through the population in logarithm); and the percentage of population displaced by natural disasters.

⁴⁶ Para. 10.1, Implementation-related issues and concerns. Decision of 14 November 2001 WT/MIN(01)/17, 20 November 2001.

⁴⁷ Para. 10.4, *op. cit.*

accordance with G/SCM/39, have to meet the following requirements.⁴⁸

- (i) in the form of full or partial exemptions from import duties and internal taxes,
- (ii) which were in existence not later than 1 September 2001,
- (iii) which are provided by developing country Members
- (iv) whose share of world merchandise export trade was not greater than 0.10 per cent ,
- (v) whose total Gross National Income ("GNI") for the year 2000 as published by the World Bank was at or below US \$ 20 billion,
- (vi) and who are otherwise eligible to request an extension pursuant to Article 27.4,
- (vii) in respect of which these procedures are followed.

2. Differential legal basis on extension for export subsidies

Pursuant to Article 27.2 of SCM Agreement, developing countries other than those listed in Annex VII are allowed to apply the export subsidies for a mercy period of eight years, after the WTO Agreements entered into force. Nevertheless, a standstill requirement is stated, as the level of the export subsidies shall not be augmented. Developing countries shall eliminate the exports subsidies in the transition period. But a developing country Member may apply for extension to maintain the export subsidies after annual consultations with the Committee.

In order to enhance the transparency and predictability for the developing Members for use of export subsidies, Ministers in Doha adopted a decision in establishing a 'fast track procedure' for the developing countries to use export subsidies. Developing countries may use tax refunds and Economic Processing Zones (EPZ) to boost exports, ensuring the foreign investors that their investments are not at high risk under the annual extension under SCM Committee. Therefore, the export subsidies are granted on differential legal basis, namely, 1), the 'fast track' procedure, 2) the combination of G/SCM/39 and paragraph 10.6 of Doha Ministerial Decision⁴⁹

⁴⁸ Para. 2, G/SCM/39, 20 November 2001.

⁴⁹ Para. 10.6 of IMPLEMENTATION-RELATED ISSUES AND CONCERNS, WT/MIN(01)/17, 20 November 2001. Having regard to the particular situation of certain developing-country Members, directs the Committee on Subsidies and Countervailing Measures to extend the transition period, under the rubric of Article 27.4 of the Agreement on Subsidies and Countervailing Measures, for certain export subsidies provided by such Members, pursuant to the procedures set forth in document G/SCM/39. Furthermore, when considering a request for an extension of the transition period under the rubric of Article 27.4 of the Agreement on Subsidies and Countervailing Measures, and in order to avoid that Members at similar stages of development and having a similar order of magnitude of share in world trade are treated differently in terms of receiving such extensions for the same eligible programmes and the length of such extensions, directs the Committee to extend the transition period for those developing countries, after taking into account the relative competitiveness in relation to other

and 3) article 27.4 of SCM Agreement.

In a summary of approved extensions of export subsidies, surveyed by the WTO Secretariat.⁵⁰ Firstly, most developing country members have taken the option of ‘fast track’ procedure to extend their use of export subsidies, which is only valuable for those members qualified for the GNP and proportion in world trade threshold. Nineteen developing country Members have continued to implement export subsidies on the ‘fast track’ procedure based on the document G/SCM/39. The quasi-automatic procedure for extending the use of export subsidies is mostly welcomed in that developing countries may implement their subsidy policies until the end of 2007, without annual review under the SCM committee. Secondly, only Colombia extended its export subsidies measures on the basis of G/SCM/39 and paragraph 10.6 of Doha Ministerial Decision.⁵¹ Pursuant to article 29.2(b), the annual extensions ensured the transition period of Colombia terminated in the end of 2004, with the year 2005 and 2006 the final two years to phase out the remaining export subsidies. Thirdly, for some subsidies programmes implemented by Barbados, El Salvador, Panama and Thailand, invoked article 27.4 of SCM Agreement alone to extend such programmes and the year of 2005 and 2006 are the final years for implementation.

3. Current development for S&D treatment for export subsidies

How would developing countries promote their exports by extending the existing export subsidy programmes? Exports subsidies are used by developing countries to attract foreign investors not only in the form of tax vacation, but also by establishing EPZs in order to facilitate the processing the export goods. Therefore, it is deemed necessary for developing countries to seek for quasi-automatic annual extension to prevent the unpredictability, as to provide tax preferential treatment and EPZs to foreign investors. In this sense, Ministerial Decision in Doha has, to some extent, responded to the desirability from the developing world to make use of export subsidies with some flexibility, in order to prosper their economy.

Since April 2006, the developing countries have proposed a working document to the Committee, with regard to the extension of export subsidies under the ‘fast track

developing-country Members who have requested extension of the transition period following the procedures set forth in document G/SCM/39.

⁵⁰ WTO Trade Report 2006, WTO Secretariat, Geneva, 2006. p. 204.

⁵¹ G/SCM/93, 17 Dec. 2002. (Free Zone Regime) and G/SCM/94, 17 Dec. 2002 (Special Import-Export System for Capital Goods and Spare Parts, SIEX)

procedure' expired in 2007.⁵² Pursuant to the paragraph 1(e) of G/SCM/39,⁵³ the developing members invoked S&D treatment for export subsidies programmes on the basis of fast-track procedure shall pursue the extension by the end of the year 2007. In the co-sponsored communication, the development dimension of international trade for the small, vulnerable economies (SVEs) are reiterated and they propose for further extensions under Article 27.4 until the year of 2018.⁵⁴ They call for an amendment for paragraph 1(e) of G/SCM/39, so that the programmes at issue will be extended from the end of 2007 through the end of 2018. Furthermore, some of the developing countries, namely, Uruguay, Jordan and Costa Rica, which did not co-sponsor this proposal, endorsed a similar proposal submitted by Panama.⁵⁵

The developing countries intended to seek for extension of export subsidies until 2018 by proposing G/SCM/W/535. The developing countries members in the committee all expressed their concerns about the great importance of the programmes to their economies and such subsidies will continue to be important components of their development strategies.⁵⁶ Nevertheless, the opposition has been fierce from both sides of developed countries and some LDCs. The chairperson of SCM Committee thereby held some informal open-ended meetings on this matter, taking the proposal from developing countries as a basis for further discussion. The consultations have been held until the summer of 2007, and the chairperson, Mr. Pablo KLEIN, proposed a draft decision of the General Council based on some consensus amongst the Members.⁵⁷

The chairman's proposal for a draft decision is made after formal and informal consultations, and is significant in some sense. First, no existing exports subsidies will be granted or maintained beyond the end of the year of 2015. This may be disappointed the developing countries, as they previously proposed all export subsidies expires in 2018.⁵⁸ Secondly, an action plan indicating how developing members eliminate their export subsidies has to be notified in 2010. Such an action plan is designated as a mid-term assessment of each programme. Also, members are

⁵² G/SCM/W/535, 12 Apr. 2006. The co-sponsors include Antigua and Barbuda, Belize, Dominica, El Salvador, Fiji, Grenada, Guatemala, Jamaica, Mauritius, Papua New Guinea, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Barbados. Guatemala later cosponsored this proposal.

⁵³ (e)Through the end of calendar year 2007, subject to annual reviews during that period to verify that the transparency and standstill requirements set forth in 3 and 4 are being fulfilled, Members of the Committee shall agree to continue the extensions granted pursuant to 1(c).

⁵⁴ *Ibid*, para. 6.

⁵⁵ G/SCM/W/537, 23 Jun. 2006.

⁵⁶ *Ibid*, para. 5..

⁵⁷ G/SCM/W/542, 2 July 2007.

⁵⁸ *Ibid.*, para. 1(e).

obliged to discuss the action plan and discuss the steps to decrease the subsidies taken by the granting members. Thirdly, four members enlisted on Annex VII (b), namely, Bolivia, Honduras, Kenya and Sri Lanka, had reserved rights for the fast-track procedure (G/SCM/39), again decline to follow the decision. The four members have previously reserved their rights for the document on 'fast track procedure' in that they would not take the sunset deadline to eliminate their export subsidies programmes bound by the document. (G/SCM/39).

It is worth noting that the decision adopted by the General Council has slightly modified the chairperson's proposal of G/SCM/W/542. Two amendments are asserted in the decision. First, each member shall notify each beneficiary under the programme that no export subsidies will be granted or maintained beyond the end of calendar year 2015, from 1 January 2008, but no later than 31 December 2009. The specific timeline seems to suggest that the obligation of the WTO member be to inform their industries about the termination of further subsidies contingent upon exports.⁵⁹ Secondly, the emphasis on the rights of the members in Annex VII (b), which reserved the rights is added. However, in the chairperson's proposal, the members reserved rights for G/SCM/39 will graduate from the Annex VII (b), given its per capita GNP reaches the level provided for in Annex VII (b) of the *SCM Agreement* (italic original). As the footnote referring to the paragraph 10.1 of the Ministerial Decision in the proposal is deleted, it is plausible to which standard it would be applied.

C. Are export subsidies effective?

As some developing countries tend to maintain its preferential treatment for use of export subsidies, still little empirical studies seem to suggest that export subsidies may or may not help in terms of development strategy. Rodrik's cross-study study shows the 'paradoxes' of successful state do not rely upon the governmental intervention, such as the subsidies, but has to be interpreted in a broader context.⁶⁰ Given a state is assumed to react to the international environment in accordance with its national interests, it might be assumed that it is based on the maximal national interests to maintain or to provoke the S&D treatment for the implementation of export subsidies. In this sense, the developing countries may have benefited from the export subsidies they have practiced and would be in favour of the proposals

⁵⁹ para. 1(e), WT/L/691, 31 July 2007.

⁶⁰ Dani Rodrik (1997), *The Paradoxes of the Successful State*. European Economic Review, 41(3). 411-442. In Rodrik's arguments, some determinants such as uniformity, transparency, non-selectivity, etc are more important for policy outcomes. Nevertheless, it is also difficult to predict the outcome of a regime.

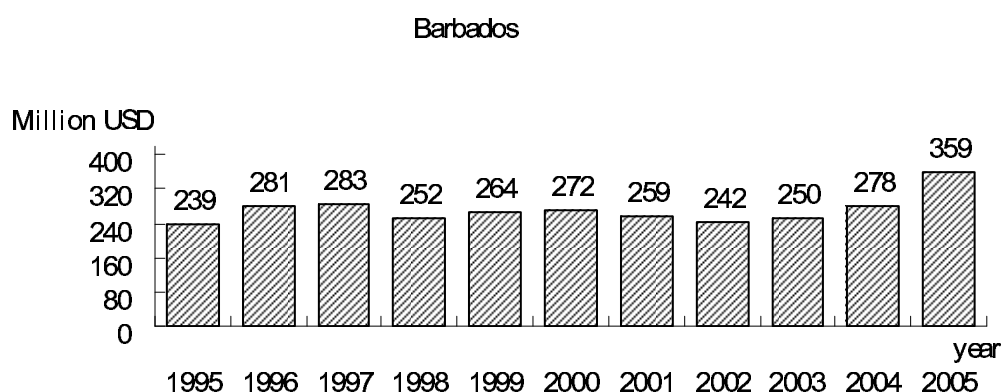
extending the duration of export subsidies. It is thereby hypothesised that the beneficiaries of export subsidies under the umbrella of S&D treatment within the regime of SCM Agreement.

Hypothesis 1: In general, export subsidies promoted exports for developing countries, so developing countries favour the extension of S&D treatment for use of export credits.

Export performance of five WTO members is examined, in terms of the export value during the period of 1995-2005. Barbados, Belize, Guatemala, Panama and St. Lucia are amongst the 18 WTO members, which have sought for the extension of the use of export subsidies. It may be plausible to establish casual links between the export performances and the effectiveness of export subsidies, as more details in the variety of export goods, the natural endowments and other determinants have to be further explored. However, the diversified export performance of the selected case studies does not seem to suggest that there is a strong link between the use of export subsidies and a robust export performance.

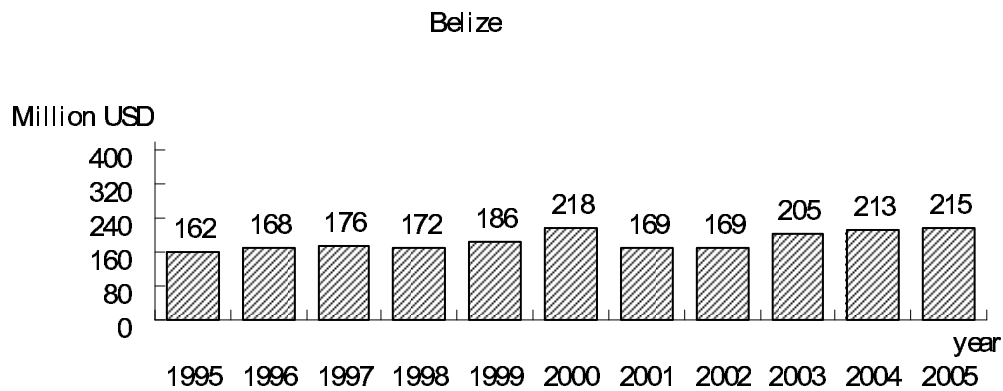
1. Barbados

Barbados has sought for extension of export subsidies programmes, including Fiscal Incentive Programme, Export Allowance, International Business Incentives, Societies with Restricted Liability and allowances for R&D. In 1995, the exports value of Barbados is 239 million USD and it has remained at the same export level until 2004. Only in 2005 witnessed a significant export performance by 359 million USD.



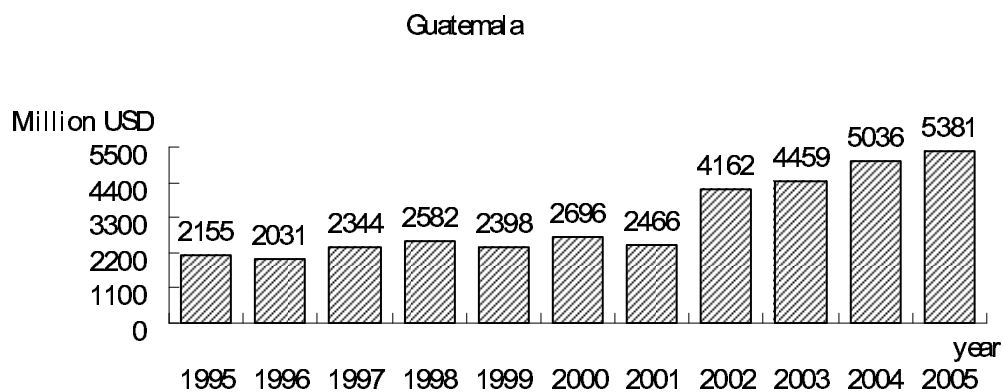
2. Belize

Belize initiated some programmes, mainly on establishing a Commercial Free Zone and Export Processing Zone. Though many efforts have been made to promote exports, the export performance of Belize has been stable for the past decade.



3. Guatemala

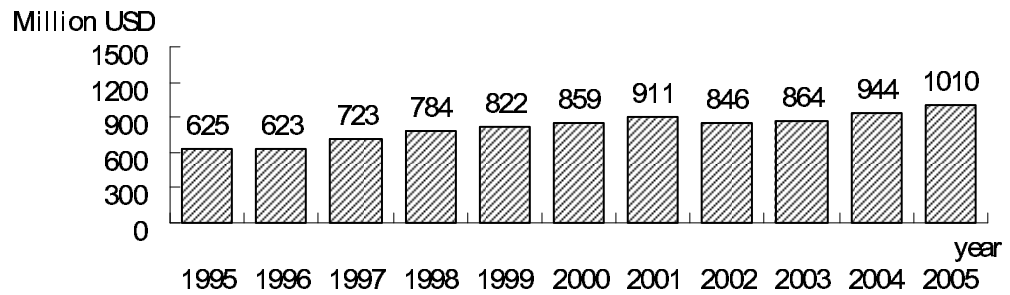
Guatemala has implemented some tax vacation for the companies qualified to exempt from company tax, customs duties and other import taxes. Likewise, the companies relating to Activities of Managers and Users of Free Zones, or those operate business in the Industrial and Free Trade Zone are entitled to exempt from some taxes. In 1995, the export value of Guatemala was 2115 million USD, and since 2002, the export of Guatemala has been more than doubled.



4. Panama

The government of Panama have invoked two programmes of export subsidies, namely, the Official Industry Register, and the Export Processing Zones. In the period of 1995-2005, the exports performance of Panama's has been on the increase.

Panama



5. St. Lucia

Exports Value	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005

Saint Lucia also incorporated some programmes of fiscal incentives and Free Zone areas for export promotions. Nevertheless, the export performance of St. Lucia has not been successful. It has been on the decrease, since the year of 1995. Not until 2005 is its export value back to the level of 1995.

Saint Lucia

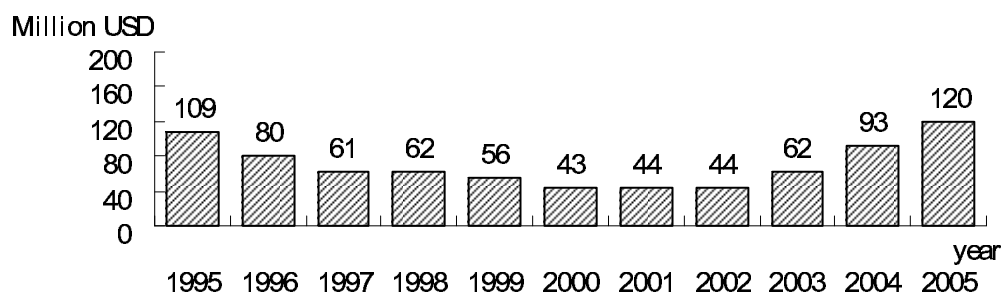


Table 1: Value of export goods of Barbados, Belize, Guatemala, Panama and St. Lucia in 1995-2005

Barbados	239	281	283	252	264	272	259	242	250	278	359
Belize	162	168	176	172	186	218	169	169	205	213	215
Guatemala	2155	2031	2344	2582	2398	2696	2466	4162	4459	5036	5381
Panama	625	623	723	784	822	859	911	846	864	944	1010
Saint Lucia	109	80	61	62	56	43	44	44	62	93	120

Source: WTO statistics

Hypothesis 2: Is an industry-specific export subsidy more effective? Conventional knowledge is that as some selected specific industries are granted subsidies, they would grow up and sustain.

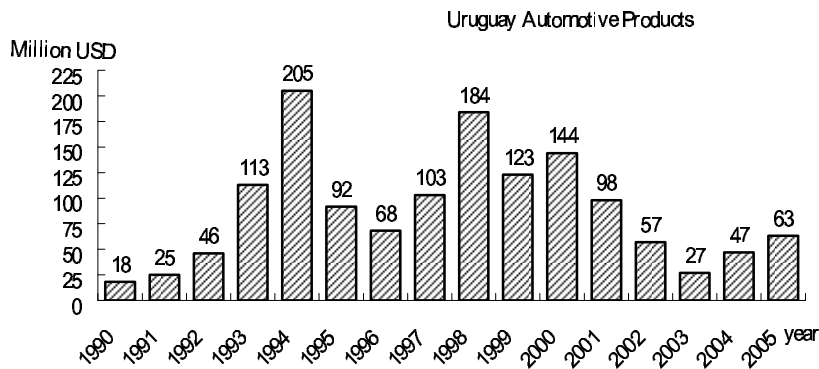
Amongst all the programmes of export subsidies within the S&D treatment, only the Automotive Industry Export Promotion Regime was initiated by Uruguay. More specifically, the linkage between the export subsidies and its export performance are more closely correlated. In the period of 1990-1995, the exports of Uruguayan have increased significantly. However, since 1995, Uruguayan exports in automotive products could not even keep its level. The export subsidies granted to Uruguayan automotive sector could be considered less effective and not sustainable.

Table 2: Value of export Automotive Products of Uruguay

Unit: Million USD

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
18	25	46	113	205	92	68	103	184	123	144	98	57	27	47	63

Source : WTO statistical database



Hypothesis 3: The developing countries reserved its rights for the use of export subsidies may have been beneficial from such measures.

Four developing countries listed in Annex VII (II) b, namely, Bolivia, Honduras, Sri Lanka and Kenya have reserved their rights in application to G/SCM/39, the fast track procedure for extending export subsidies. As the Committee has vigorously discussed about the sunset of all existing export subsidies, the four members have proposed to extend their grace period to 21 years, given their economic indicator reaches the graduation criterion.⁶¹ As the US, Japan and other members strongly opposed to this proposal, Kenya has dismissed the motion on behalf of the four members in the following working paper.⁶²

As Bolivia, Honduras, Sri Lanka and Kenya have negotiated to keep the use of export subsidies in Uruguay round, have they made good use of the ‘ladder’ in the WTO era? The exports performance of the four countries is thereby examined. In the period of 1995-2005, the export values of Bolivia, Honduras, Sri Lanka and Kenya have all stably grown up. In particular, Bolivia and Sri Lanka have almost doubled their value of total export goods. Based on the success of the export performance, it is deemed that the four countries would have negotiated to extend grace period of the S&D treatment, as they are beneficiaries of the preferential clause.

Table 3: Value of export goods of Bolivia, Honduras, Sri Lanka and Kenya in 1995-2005

⁶¹ JOB(07)/100, 22 Jun. 2007. Once a Member has reached the level provided for in Annex VII (b), it shall have the right to extensions for periods not less than those granted to other Members since the establishment of the WTO and the subsequent decisions by the Committee on Subsidies and Countervailing Measures or the General Council.

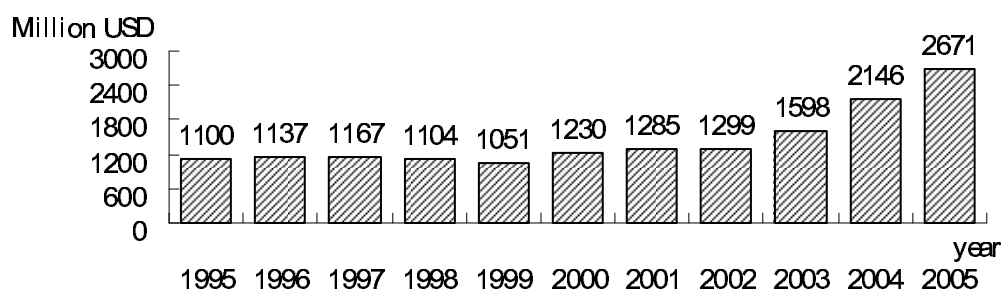
⁶² JOB(07)/110, 27 June 2007.

Unit: Million USD

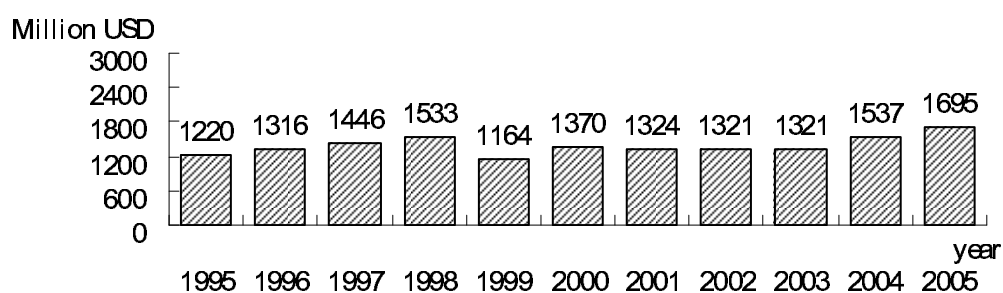
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Bolivia	1100	1137	1167	1104	1051	1230	1285	1299	1598	2146	2671
Honduras	1220	1316	1446	1533	1164	1370	1324	1321	1321	1537	1695
Sri Lanka	3798	4095	4639	4809	4594	5430	4816	4699	5125	5757	6347
Kenya	1878	2067	2053	2008	1747	1734	1944	2116	2411	2684	3293

Source: WTO statistical database

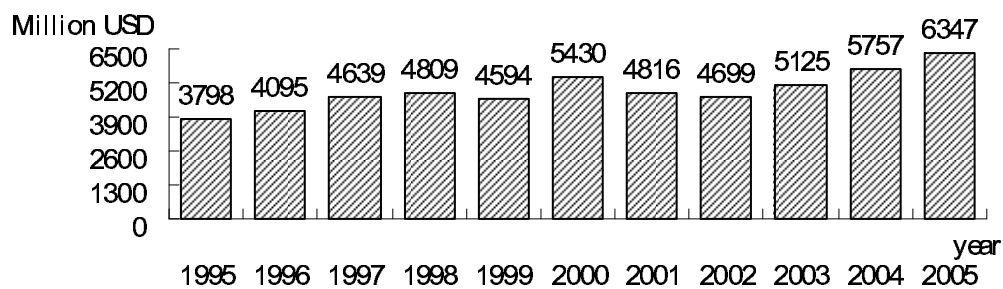
Bolivia



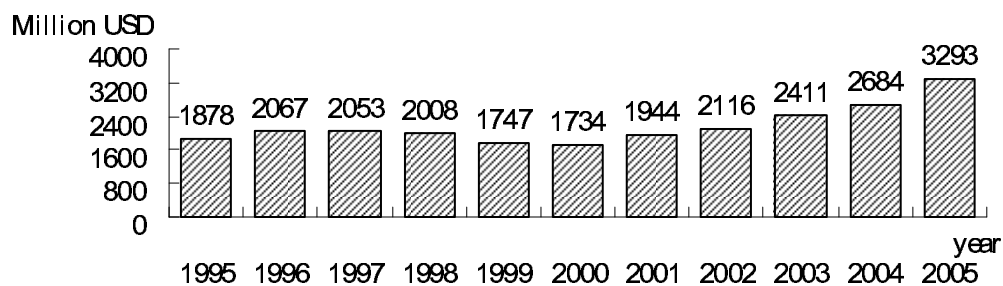
Honduras



Sri Lanka



Kenya



VI. Conclusion

In 'Kicking Away the Ladder: Development Strategy in Historical perspective', Professor Chang examined the history how the nowadays so-called 'industrialised countries' developed their economies. Most of them started to industrialise by the government intervention, *inter alia*, the industrial development subsidies. Nevertheless, after the conclusion of the Uruguay Round, the ladder has been formally kicked off, as WTO members are not entitled to use the subsidies as a means for industrial development. In particularly, two kinds of subsidies, namely, export subsidies and local-content subsidies are prohibited, only if the developing countries fulfil some requirements for S&D treatment.

Is the Doha 'Development' round a window of opportunity? Firstly, in views of the proposals on the table, developed countries only propose the amendments, which

they are interested in or their rights are impaired. Very few have been discussed about the S&D treatment for developing countries. Neither are the developing countries active in this regard, as they are not capable of making amendments to current discipline. Even the larger developing countries, such as India and Brazil, proposed the submissions on their own behalf. Secondly, it is also observed that the developing countries are more passively in the procedural matter as to extend the grace period for export subsidies. Since 2006, the developing countries have made efforts to the extension of the grace period so they may continue the programmes of export subsidies in force until the year of 2015. Since then, no existing exports subsidies will be granted or maintained.

Nevertheless, are these existing export subsidies useful, in terms of export promotions? Though this paper could not further single out all the factors correlated to export performances, strong link between export subsidies and export performance does not seem to exist in our 5 case studies, Barbados, Belize, Guatemala, Panama and St. Lucia. Guatemala has increased its export during the past decade, but St. Lucia did not seem to take advantage from the export subsidies. In addition, even the export subsidies specifically provided for the automotive industry in Uruguay is proved to be less effective. It is more difficult to duplicate the East Asian experiences; the performance of industrial subsidies employed by the developing countries during past decade is unsatisfactory.

To our surprise, the export performance of four WTO members in 1995-2005, namely, Bolivia, Honduras, Sri Lanka and Kenya are impressive. These four countries have reserved their rights on the matter of S&D treatment in the Doha ministerial meeting, and they are the beneficiaries by proposing the reservation in international negotiations. They will continue to enjoy a longer grace period than other WTO developing members, when their economic indicators reach the graduation criterion. It might therefore conclude that the developing countries have to keep their ladder tighter. Otherwise, as their ladder are taken, the developing countries are unable to take them back, even if the ladders may not be so useful.

ANNEX

LIST OF PROGRAMMES ELIGIBLE FOR CONTINUATION OF EXTENSIONS UNDER THE PROCEDURES, AND DOCUMENT REFERENCES FOR THE EXTENSION DECISIONS BY THE SCM COMMITTEE COVERING CALENDAR YEAR 2007 (WT/L/691, 31 July 2007)

Antigua & Barbuda

- Fiscal Incentive Act Cap 172 (December 1975) (G/SCM/50/Add.4)
- Free Trade and Processing Zone Act No. 12 of 1994 (G/SCM/51/Add.4)

Barbados

- Fiscal Incentive Programme (G/SCM/52/Add.4)
- Export Allowance (G/SCM/53/Add.4)
- Research & Development Allowance (G/SCM/54/Add.4)
- International Business Incentives (G/SCM/55/Add.4)
- Societies With Restricted Liability (G/SCM/56/Add.4)

Belize

- Fiscal Incentives Act (G/SCM/57/Add.4)
- Export Processing Zone Act (G/SCM/58/Add. 4)
- Commercial Free Zone Act (G/SCM/59/Add.4)
- Conditional Duty Exemptions Facility under Treaty of Chaguaramas (G/SCM/60/Add.4)

Costa Rica

- Free Zone Regime (G/SCM/61/Add.4)
- Inward Processing Regime (G/SCM/62/Add.4)

Dominica

- Fiscal Incentives Programme (G/SCM/63/Add.4)

Dominican Republic

- Law No. 8-90 to "Promote the Establishment of New Free Zones and Expand Existing Ones" (G/SCM/64/Add.4)

El Salvador

- Export Processing Zones and Marketing Act, as amended (G/SCM/65/Add.4)

Fiji

- Short-Term Export Profit Deduction (G/SCM/66/Add.4)
- Export Processing Factories/Export Processing Zones Scheme (G/SCM/67/Add.4)
- The Income Tax Act (Film Making and Audio Visual Incentive Amendment Decree 2000) (G/SCM/68/Add.4)

Grenada

- Fiscal Incentives Act No. 41 of 1974 (G/SCM/69/Add.4)
- Statutory Rules and Orders No. 37 of 1999 (G/SCM/70/Add.4)
- Qualified Enterprises Act No. 18 of 1978 (G/SCM/71/Add.4)

Guatemala

- Exemption from Company Tax, Customs Duties and Other Import Taxes for Companies under Special Customs Regimes (G/SCM/72/Add.4)
- Exemption from Company Tax, Customs Duties and Other Import Taxes for the Production Process Relating to Activities of Managers and Users of Free Zones (G/SCM/73/Add.4)
- Exemption from Company Tax, Customs Duties and Other Import Taxes for the Production Process of Commercial and Industrial Enterprises Operating in the Industrial and Free Trade Zone (G/SCM/74/Add.4)

Jamaica

- Export Industry Encouragement Act (G/SCM/75/Add.4)
- Jamaica Export Free Zone Act (G/SCM/76/Add.4)
- Foreign Sales Corporation Act (G/SCM/77/Add.4)
- Industrial Incentives (Factory Construction) Act (G/SCM/78/Add.4)

Jordan

- Partial or Total Exemption from Income Tax of Profits Generated from Exports under Law No. 57 of 1985, as amended (G/SCM/79/Add.4)

Mauritius

- Export Enterprise Scheme (G/SCM/80/Add.4)

- Pioneer Status Enterprise Scheme (G/SCM/81/Add.4)
- Export Promotion (G/SCM/82/Add.4)
- Freeport Scheme (G/SCM/83/Add.4)

Panama

- Official Industry Register (G/SCM/84/Add.4)
- Export Processing Zones (G/SCM/85/Add.4)

Papua New Guinea

- Section 45 of the Income Tax (G/SCM/86/Add.4)

St. Kitts and Nevis

- Fiscal Incentives Act No. 17 of 1974 (G/SCM/90/Add.4)

St. Lucia

- Fiscal Incentives Act No. 15 of 1974 (G/SCM/87/Add.4)
- Free Zone Act, No. 10 of 1999 (G/SCM/88/Add.4)
- Micro and Small Scale Business Enterprises Act, No. 19 of 1998 (G/SCM/89/Add.4)

St. Vincent & Grenadines

- Fiscal Incentives Act No. 5 of 1982, as amended (G/SCM/91/Add.4)

Uruguay

- Automotive Industry Export Promotion Regime (G/SCM/92/Add.4)