

**Committee on Subsidies
and Countervailing Measures**

FORMAT FOR NOTIFICATIONS UNDER
ARTICLE 8.3 OF THE AGREEMENT ON
SUBSIDIES AND COUNTERVAILING MEASURES

Adopted by the Committee on 22 February 1995¹

Introduction

The purpose of this standard format is to assist WTO Members in making notifications under the first sentence of Article 8.3 of the Agreement on Subsidies and Countervailing Measures ("SCM Agreement"). In view of the statement in Article 8.3 that notifications under this provision must be "sufficiently precise to enable other Members to evaluate the consistency of the programme with the conditions and criteria provided for in the relevant provisions of paragraph 2", the questions in this standard format seek information relevant to an assessment of notified assistance in light of the relevant legal requirements in Article 8.2 and do not seek information on trade effects of subsidies or on statistics on production, consumption, imports and exports. It should be noted in this regard that the standard format pertains only to notifications under the first sentence of Article 8.3 and not to annual updates of these notifications referred to in the third sentence of that provision.

Each section below includes several questions of a general nature on issues such as the objectives of a programme, the level of government involved and the institutional framework for the implementation of the programme and the financing instruments used in the programme. In addition, there are more specific questions designed to generate information relevant to an evaluation of whether assistance under a particular programme meets the conditions of Article 8.2 of the SCM Agreement.

With regard to the questions in this standard format on arrangements which may exist for monitoring, auditing and evaluation of assistance under a notified programme, it should be stressed that this standard format does not add to or detract from the relevant legal requirements in Article 8.2 of the SCM Agreement.

As provided in footnote 34 to Article 8.3, Members are not required to provide confidential information, including confidential business information.

¹Previously circulated in PC/IPL/11.

I. Assistance for research activities

- (a) Describe the policy objectives of the assistance, including, if applicable, any sectoral objectives.
- (b) Provide a copy of the law, regulation and/or other legal instrument under which the assistance is provided. If these documents are not in a WTO language, provide a translation in English, French or Spanish of (i) the specific legal provisions which are related to the subsidies granted for research activities, including the conditions under which those subsidies are granted, and (ii) the table of contents or chapter headings of the law, regulation and/or other legal instrument.
- (c) Identify the level(s) of government involved in the provision of assistance for research activities which is notified and provide a detailed description of the institutional framework for the implementation of the programme, including, if applicable, a description of the role of non-governmental entities.
- (d) Identify the specific financing instrument(s) used in the programme and provide a detailed description of the incidence and duration of assistance under each instrument.
- (e) Identify the assisted research areas and, if possible, the assisted research projects. Provide a technical description of the specific goals of the research activities and explain how these activities fall within the definitions of "industrial research" and "pre-competitive development activity" in footnotes 28 and 29 of the SCM Agreement.
- (f) In the case of industrial research, to the extent practicable in the context of an advance notification of a programme, explain what new knowledge is being sought and what new products, processes or services or improvements in existing products, processes or services are intended to be developed using this knowledge. To the extent possible describe the end result of the industrial research.
- (g) In the case of pre-competitive development activity, to the extent practicable in the context of an advance notification of a programme, describe the end result of the pre-competitive development activity and explain how existing products, production lines, manufacturing processes, services or other on-going operations will be affected as a result of this activity.
- (h) If a prototype is being developed, to the extent practicable in the context of an advance notification of a programme, describe how the prototype will be developed and describe what modifications are foreseen which would be required to make the prototype capable of commercial use.
- (i) Describe the industries and entities, to the extent known, whose research activities will be eligible under the programme.
- (j) If the programme covers research activities conducted on a contract basis, explain, to the extent practicable in the context of an advance notification of a programme, the nature of the contractual arrangements in question. If possible, provide a model contract (in English, French or Spanish).
- (k) Specify the total amount of assistance budgeted under the programme.
- (l) Provide a breakdown of expenditure by project, or, if not possible, by research area.

- (m) Specify the amounts of assistance permitted under the programme for (a) industrial research and (b) pre-competitive development activity.
- (n) Explain how it is ensured that the assistance does not cover more than 75 per cent of the costs of industrial research, 50 per cent of the costs of pre-competitive development activity or, in situations referred to in footnote 30, 62.5 per cent of both of these costs. Describe the methodology used in calculating these costs.
- (o) Describe the specific types of costs covered by the assistance. Explain how it is ensured that the assistance is limited exclusively to the costs mentioned in items (i)-(v) of Article 8.2(a) of the SCM Agreement. Describe the methodology used in calculating these costs.
- (p) Describe any arrangements which may exist for monitoring, auditing and evaluation.

II. Assistance to disadvantaged regions within the territory of a Member

- (a) Describe the general framework of regional development, as provided for in footnote 31, pursuant to which the assistance is granted. In this connection, explain how the regional development policy of which the programme forms part is internally consistent and generally applicable and describe how the programme is intended to contribute to regional development.
- (b) Provide a copy of the law, regulation and/or other legal instrument under which the assistance is provided. If these documents are not in a WTO language, provide a translation in English, French or Spanish of (i) the specific legal provisions which are related to the subsidies granted to disadvantaged regions, including the conditions under which those subsidies are granted, and (ii) the table of contents or chapter headings of the law, regulation and/or other legal instrument.
- (c) Identify the level(s) of government involved in the implementation of the regional assistance programme and provide a detailed description of the institutional framework for the implementation of the programme, including, if applicable, a description of the role of non-governmental entities.
- (d) Identify the regions eligible for assistance under the programme. Explain how these regions are contiguous geographical areas with a definable economic and administrative identity.
- (e) Identify the criteria on the basis of which the regions have been designated as disadvantaged. Provide a copy of the relevant law, regulation or other official document in which such criteria are spelled out.
- (f) Describe the measurements of economic development which have been included in these criteria. Explain how any composite measurement of economic development was determined and calculated. Provide for a period of three years the relevant statistical data for the region and for the territory as a whole of the Member used in determining that a region is disadvantaged.
- (g) Identify the specific financing instrument(s) used in the programme and provide a detailed description of the incidence and duration of assistance under each instrument.
- (h) Describe the criteria for determining the eligibility of the beneficiaries of the assistance and the procedures regarding applications for assistance under the programme. Provide (in English, French or Spanish) a copy of a standard application form or instructions, if any.

- (i) Specify the total amount of assistance budgeted under the programme. Describe the specific types of costs covered by the assistance.
- (j) Specify the ceilings, expressed in terms of investment costs or costs of job creation, on the amount of assistance to individual projects. Explain the methodology used for calculating the investment costs and the costs of job creation. Explain how such ceilings have been differentiated according to the different levels of development of the assisted regions.
- (k) Describe any provisions which may exist under the programme to avoid the predominant use of a subsidy by, or the granting of disproportionately large amounts of subsidy to, certain enterprises as provided for in Article 2.
- (l) Explain how it is ensured that the amount of the assistance does not exceed the ceilings.
- (m) Describe any arrangements which may exist for monitoring, auditing and evaluation.

III. Assistance to promote adaptation of existing facilities to new environmental requirements

- (a) Describe the policy objectives of the programme, including, if applicable, any sectoral objectives.
- (b) Provide a copy of the law, regulation and/or other legal instrument under which the assistance is granted. If these documents are not in a WTO language, provide a translation in English, French or Spanish of (i) the specific legal provisions which are related to the subsidies granted to promote adaptation of existing facilities to new environmental requirements, including the conditions under which those subsidies are granted, and (ii) the table of contents or chapter headings of the law, regulation and/or other legal instrument.
- (c) Identify the level(s) of government involved in the implementation of the environmental assistance programme and provide a detailed description of the institutional framework for the implementation of the programme, including, if applicable, a description of the role of non-governmental entities.
- (d) Explain how the environmental requirements in question are "new" requirements. Provide a copy of the law or regulation which imposes the new environmental requirements. Explain which nuisances and pollutants are intended to be reduced by these requirements. Identify the level of government at which these requirements are imposed.
- (e) Describe the time frame for the application of the new environmental requirements to existing facilities.
- (f) To the extent practicable in the context of an advance notification of a programme, provide a technical description of the adaptation of existing facilities necessary to meet the new environmental requirements and identify those facilities. Explain how these requirements would result in a reduction of the specific nuisances or pollutants and explain how these requirements result in greater constraints and financial burdens on firms.
- (g) Identify the specific financing instrument(s) used in the programme and provide a detailed description of the incidence and duration of assistance under each instrument.
- (h) Explain whether the assistance is provided on the total cost of the reduction of the nuisances or pollutants or on an individual phase of implementation of the new environmental requirements.

Identify any legal provision and/or provide other relevant information which explains how the one time, non-recurring condition is met.

- (i) Specify the total amount of assistance budgeted under the programme.
 - (j) Describe the criteria for determining the eligibility of beneficiaries of the environmental assistance and the procedures regarding applications for environmental assistance. Provide (in English, French or Spanish)a copy of a standard application form or instructions, if any.
 - (k) Explain how it is ensured that the assistance is limited to the adaptation of existing facilities. Describe the methodology used for calculating the costs of adaptation of existing facilities to the new environmental requirements. Describe the specific types of costs covered by the assistance. Explain how it is ensured that the assistance does not cover more than 20 per cent of the costs of this adaptation.
 - (l) Explain how it is ensured that the assistance is directly linked and proportionate to a firm's planned reduction of nuisances and pollution and that the assistance does not cover any manufacturing cost savings which may be achieved.
 - (m) Describe any arrangements which may exist for monitoring, auditing and evaluation.
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