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Committee on Subsidies and Countervailing Measures

Original: Spanish

SUBSIDIES**NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVI:1
OF THE GATT 1994 AND ARTICLE 25 OF THE AGREEMENT
ON SUBSIDIES AND COUNTERVAILING MEASURES**

EL SALVADOR

The following communication, dated and received on 13 September 2021, is being circulated at the request of the delegation of El Salvador.

El Salvador wishes to notify its subsidy programmes, pursuant to Article XVI:1 of the *General Agreement on Tariffs and Trade* (GATT) 1994 and Articles 25 and 27.4 of the *Agreement on Subsidies and Countervailing Measures* ("the SCM Agreement") and in accordance with the procedures laid down in the *General Council Decision* in document WT/L/691 of 31 July 2007 ("the Decision").

1. Title of the subsidy programme, if relevant, or brief description or identification of the subsidy

Programme for firms operating in free zones or in inward-processing warehouses.

2. Period covered by the notification

El Salvador submits this notification for the period 1 January 2019 to 31 December 2020.

3. Policy objective and/or purpose of the subsidy

To create optimal conditions for stimulating sustained economic growth that will contribute to the creation of more and better jobs, the transfer of technology, and the country's economic and social development.

4. Background and authority for the subsidy (including identification of the legislation under which it is granted)

A. BACKGROUND

To improve the welfare of the Salvadoran people by creating opportunities to maintain and raise levels of employment through government policies promoting the country's economic and social development.

B. AUTHORITY

Export Processing Zones and Marketing Act and amendments thereto.

5. Form of the subsidy (i.e. grant, loan, tax concession, etc.)

Tax exemption.

6. To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)

Export Processing Zones and Marketing Act and amendments thereto: Tax exemptions are granted to developers and users of free zones or inward-processing warehouses.

7. Subsidy per unit or, in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per-unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation

Due to the nature and scope of these programmes, disaggregated statistical data reflecting the amount of incentives per unit is not available.

8. Duration of the subsidy and/or any other time-limits attached to it, including date of inception/commencement

Export Processing Zones and Marketing Act and amendments thereto: The duration of the benefits under Salvadoran legislation is dependent on the type of beneficiary (developer or user of free zones or inward-processing warehouses) and the location (within or outside the metropolitan area).

9. Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics on the production, consumption, imports and exports of the subsidized product(s) or sector(s):

(See Annex 1).

ANNEX 1

COMPARATIVE TABLE

(USD million)

CONCEPT	2019	2020
(a) World exports	18,591,310	17,142,105
(b) Salvadoran exports	5,904.73	5,044.01
(c) b/a	0.032%	0.029%
