RESTRICTED

S/WPGR/W/25/Add.6

18 March 2013

(13-1444)

Page: 1/110

Working Party on GATS Rules

SUBSIDIES FOR SERVICES SECTORS
INFORMATION CONTAINED IN WTO TRADE POLICY REVIEWS

BACKGROUND NOTE BY THE SECRETARIAT[1]

Addendum

1 INTRODUCTION

1.1. Government assistance for individual economic activities may be granted in many different forms and for a variety of purposes. Responding to a request by the Working Party on GATS Rules (WPGR), this Note presents some updated empirical evidence of subsidy programmes for services sectors, based on information contained in WTO Trade Policy Review (TPR) reports by the Secretariat.[2]

1.2. The present Note supplements the information provided in the Secretariat Background Note S/WPGR/W/25 (issued in January 1998) including its Addendums 1 to 5, and should thus be read in conjunction with them. It covers 45 Trade Policy Reviews carried out since the last update of the Note, from April 2007 to the end of 2009. For those Members for which a more recent TPR existed, the latest version was used. This was the case in nine instances, namely for: China, the European Union, India, Japan, Norway, the Republic of Korea, Singapore, Turkey and the United States (see also the first paragraph in Annex 2). New information based on the TPR reports reviewed has been added, in italics and colour, in the overview table already contained in the previous versions of the Note (Table 1). Additional services sectors, indicated in underline, have been incorporated in said Table, notably: road transport, including public transport; research and development; education; health/hospital services; and other utilities (added to energy).

1.3. The complete list of TPR reports reviewed in this Note is included in Annex 1. Relevant excerpts of individual TPR reports have been included in Annex 2, with some minor editing (notably the highlighting of specific services sectors and/or subsidy measures involved). Annex 3 at the end of the Note provides a table of contents of the reviewed TPR reports for ease of reference.

1.4. As explained in the preceding Notes[3], the compilation of information from TPR reports suffers from certain limitations due to the particular focus of these reports. First, the selection of Members for review does not reflect any subsidy-related analytical purpose, but the country schedule established by the Trade Policy Review Body. Second, coverage and content of TPRs are largely determined by the availability of data, which in turn depends on the Secretariat's assessment of country-specific review priorities at the time of drafting as well as on government co-operation. As a result, the amount of subsidy-specific information contained in reports might vary from Member to Member. It also often varies for any given Member from one report to the other, as measures already covered in a previous report are not necessarily repeated in the following ones, in the absence of major policy changes between Reviews.[4] Furthermore, TPR reports may mention the

---

[1] This document has been prepared under the Secretariat's own responsibility and without prejudice to the positions of Members and to their rights and obligations under the WTO.
[2] The information added in the current document has been based on the revised versions of the TPR reports by the Secretariat.
[3] Introductions to S/WPGR/W/25, and Add.1 to Add. 5.
[4] This makes it all the more important to read this Secretariat Background Note in conjunction with earlier versions.

existence of certain subsidy programmes even if these are not necessarily used in practice. Conversely, the fact that some reports do not include any subsidy-related information does not imply that such schemes do not exist in the countries concerned. Finally, TPR reports do not normally attempt to assess the underlying objectives, or any possible trade-distortive effects, of subsidies.

2 CONCEPTS AND ENCOUNTERED DIFFICULTIES

2.1. The subsidy definition generally used for Trade Policy Reviews is based on the definition established by the WTO Agreement on Subsidies and Countervailing Measures (ASCM). Accordingly, subsidies are deemed to involve a financial contribution by governments or public bodies, which confers a benefit. The TPR reports thus cover assistance granted in the form of direct transfers of funds, including grants, loans and equity infusions; potential direct transfers of funds or liabilities (e.g. loan guarantees); government revenue foregone (e.g. fiscal incentives such as tax credits); supply of goods and services other than general infrastructure; purchase of goods; payments to funding mechanisms; or income and price support. The following compilation focuses on "specific" subsidies, in the light of Article 2 of the ASCM.

2.2. While most TPR reports contain some information on subsidies, the limited level of detail sometimes makes it difficult to identify, for example, the extent to which a benefit is actually being conferred or the identity of the recipient of the subsidy. For instance, subsidies granted to service suppliers in sectors such as transport (notably maritime and air, but also road and rail transport in a number of instances) and certain utilities may, in fact, benefit downstream users (i.e. the service consumer) rather than the immediate recipient (the service supplier). Likewise, some measures may have been intended primarily to promote public policy or infrastructural objectives.[5] The resulting ambiguities, in turn, could affect cross-country comparability. It is to be noted that the following compilation does not include subsidies granted directly to service consumers (the latter including depositors/investors/insured persons/patients, etc.).[6]

2.3. A limited level of detail in the reports has also made it difficult, in a number of instances, to differentiate between subsidies granted to manufacturing activities as opposed to those accorded to services. This has been the case notably for subsidies awarded in the context of cross-sectoral investment promotion schemes; regional development funds (to support remote/disadvantaged regions); programmes promoting micro-, small- and medium-sized enterprises (MSMEs); and those granted in the context of special economic/free zone regimes. In the latter case, suppliers from a range of service sectors may actually qualify for benefits under a special economic/free zone regime, provided they export services to natural and legal persons domiciled abroad, or provide services to industrial companies, which are beneficiaries of the free zone regime (typically distribution/marketing services, but also transport, logistics, packaging, storage, inspection and certification services, etc.). The increased reliance of manufacturing firms on services ("servicification") in the context of global value chains, and the gradually more cross-sectoral nature of government policies make it more difficult to distinguish between subsidies aimed at manufacturing versus services activities.

2.4. Finally, some of the subsidies mentioned in TPR reports may be financial contributions to services which are beyond the scope of the GATS, i.e. services provided in the exercise of governmental authority (Article I:3(b)), or to services excluded through the Annex on Air Transport Services. Accordingly, the information contained in this Note, while aimed at facilitating discussions, does not prejudge whether the measures listed should be considered subsidies, nor does it imply any judgement on the objectives they pursue or their status under the GATS.

[5] For example, the provision of basic health services may be ensured through: (a) cost-free treatment in state-owned hospitals; (b) the extension of public funds to commercially independent hospitals; or (c) government-sponsored premiums for basic health insurance. While conferring the same benefits to the same target group, such measures might be described, respectively, as the provision of infrastructural services, subsidies for the health sector, and social transfers and/or subsidies for the insured or his/her insurance service supplier.

[6] Not included are, for instance, public measures to subsidize insurance premiums (e.g. health insurance) or access to transport services for persons with low income.

3 POLICY PATTERNS

3.1. The information contained in the Trade Policy Reviews assessed in this Note tends to confirm the general patterns identified in previous documents, although some new trends are also emerging. Available cumulative evidence, based on the reports reviewed both in this and past versions of the Note, suggests that, while subsidies are found in a whole range of services sectors, WTO Members tend to concentrate their services-related subsidies in four main areas: hotels and tourism (81 Members concerned); transport − especially maritime (36) and air (32), but also rail (17) and road transport (9); financial services (44); and telecommunications (33). Public involvement thus appears to be strongest in key infrastructural services. The high incidence of public support measures in the financial sector, notably banking, is also likely to be linked to the financial crisis that started in 2008. Finally, energy- and other utilities-related services and construction have also been the object of public funding, with 24 Members maintaining such measures. Table 1 details the findings by sector. It is worth recalling, however, that these results may be influenced by the TPR reports' focus on sectors where politically or economically important developments are underway, as well as the availability of relevant data.[7]

3.2. Compared to previous Reviews, two recent trends are noteworthy. First, software development, ICT-related and information processing services have attracted a significant number of tax incentives, as well as other support measures within special economic/free zones (30 Members). Second, some Members' manufacturing operations in free zones (so-called "*Maquiladora*" or "*Maquila*" schemes) increasingly treat services as directly related to, and an integral part of, the industrial process – a development sometimes referred to as "tertiarization" or "servicification". Consequently, these subsidy schemes tend not to distinguish between manufacturing and service activities anymore. Thereby, a range of service suppliers may qualify for benefits under a free zone regime, provided they export services to natural and legal persons domiciled abroad, or supply services to industrial companies that are beneficiaries of the free zone regime. Services incidental to manufacturing; distribution and trading; logistics; warehousing; packaging; storage; inspection; and certification are particularly concerned. This evolution is reflected in the significant rise of entries in the category "Other or unspecified sectors" (at the end of Table 1).

3.3. Concerning the types of measures used, Members continued to rely on tax incentives more than on direct grants, as the latter usually weigh more heavily on public finances. Developing-country Members also often use duty-free inputs as part of special economic/free zone regimes.

[7] As a general feature, it appears that financial services, transport (mostly maritime and air transport), telecommunications and postal services have been reviewed in more detail than, for example, environmental, energy-related, audiovisual, health, education, distribution or logistics services.

Table 1: Forms of financial assistance to services sectors - information from TPR reports

➢ MEASURE ➢ ⮟ SECTOR ⮟	Direct grants	Preferential credit & guarantees	Equity injections	Tax incentives, concessions and allowances	Duty-free inputs, free zones & offshore	Other & unspecified measures	Number of WTO Members [2]
Tourism	Botswana (2nd, 2003) Canada Israel Czech Rep. Slovak Rep. Australia Lesotho (2nd, 2003) Turkey *Barbados* *(2nd, 2008)* *Switzerland* *(5th, 2009)* *Liechtenstein* *(3rd, 2009)* *Fiji* *(2nd, 2009)* *Morocco* *(4th, 2009)* *South Africa* *(3rd, 2009)[8]* *India* *(5th, 2011)*	Canada Nigeria[1] Iceland Jamaica South Africa (2nd, 2003) Trinidad & Tobago Turkey Slovak Rep. Barbados Uganda Botswana (2nd, 2003) Belize *Brunei D.* *(2nd, 2008)* *Mauritius* *(3rd, 2008)* *Oman* *(1st, 2008)* *Switzerland* *(5th, 2009)* *Brazil* *(5th, 2009)[21]* *South Africa* *(3rd, 2009)[8]* *Georgia* *(1st, 2010)* *India* *(5th, 2011)*	South Africa (2nd, 2003) Burundi	Nigeria Argentina Egypt Israel Jamaica Nicaragua Philippines Solomon Is. Tanzania Trinidad & Tobago Uruguay Slovak Rep. Malawi Haiti Barbados Australia Dominican Rep. Zambia (2nd, 2002) Venezuela Lesotho (2nd, 2003) Niger Senegal Honduras Guyana (1st, 2003) Turkey Sri Lanka Singapore Benin Burkina Faso Mali Belize Suriname Korea RP Sierra Leone Qatar Paraguay Ecuador Guinea Bolivia Malaysia Djibouti China *Costa Rica* *(3rd, 2007)* *Panama* *(1st, 2007)* *Cameroon* *(3rd, 2007)* *Gabon* *(2nd, 2007)* *Peru* *(3rd, 2007)* *Antigua & B.* *(2nd, 2008)* *Dominica* *(2nd, 2008)* *Grenada* *(2nd, 2008)* *St. Kitts &* *Nevis* *(2nd, 2008)* *Saint Lucia* *(2nd, 2008)* *St. Vincent* *& G.*	Argentina Egypt India Jamaica Kenya Nicaragua Solomon Is. Tanzania Trinidad & Tobago Turkey Uruguay Malawi Haiti Barbados Burundi Niger Senegal Honduras Bulgaria Guyana (1st, 2003) Burkina Faso Belize Suriname Sierra Leone Nigeria Ecuador Philippines Guinea Bolivia Malaysia Djibouti *Panama* *(1st, 2007)* *Gabon* *(2nd, 2007)* *Antigua & B.* *(2nd, 2008)* *Dominica* *(2nd, 2008)* *Grenada* *(2nd, 2008)* *St. Kitts* *& Nevis* *(2nd, 2008)* *Saint Lucia* *(2nd, 2008)* *St. Vincent* *& G.* *(2nd, 2008)* *Ghana* *(3rd, 2008)* *Barbados* *2nd, 2008)* *Jordan* *(1st, 2009)* *Dominican* *Republic* *(3rd, 2009)* *Mozambique* *(2nd, 2009)* *Fiji (2nd, 2009)* *Morocco* *(4th, 2009)* *Senegal* *(3rd, 2009)* *Turkey* *(5th, 2012)*	Guinea[1] Lesotho (2nd, 2003) Singapore Slovenia Barbados The Gambia Chinese Taipei *Costa Rica* *(3rd, 2007)* *Indonesia* *(5th, 2007)* *Thailand* *(5th, 2008)* *Brunei D.* *(2nd, 2008)* *Madagascar* *(2nd, 2008)* *Mauritius* *(3rd, 2008)[8]* *Oman* *(1st, 2008)* *Mozambique* *(2nd, 2009)* *New* *Zealand* *(4th, 2009)[19]* *Morocco* *(4th, 2009)* *Maldives* *(2nd, 2009)* *Lesotho* *(3rd, 2009)* *EU-27* *(10th, 2011)* *India* *(5th, 2011)*	81

➢ MEASURE ➢ ⮟ SECTOR ⮟	Direct grants	Preferential credit & guarantees	Equity injections	Tax incentives, concessions and allowances	Duty-free inputs, free zones & offshore	Other & unspecified measures	Number of WTO Members[2]
				(2nd, 2008) *Thailand* *(5th, 2008)* *Ghana* *(3rd, 2008)* *Brunei D.* *(2nd, 2008)* *Mauritius* *(3rd, 2008)* *Oman* *(1st, 2008)* *Barbados* *(2nd, 2008)* *Jordan* *(1st, 2009)* *Dominican Republic* *(3rd, 2009)* *Liechtenstein* *(3rd, 2009)* *Mozambique* *(2nd, 2009)* *Fiji* *(2nd, 2009)* *Solomon Islands* *(2nd, 2009)* *Morocco* *(4th, 2009)* *Guyana* *(2nd, 2009)* *Chile* *(4th, 2009)*[21] *South Africa* *(3rd, 2009)*[8] *Senegal* *(3rd, 2009)* *India* *(5th, 2011)* *Turkey* *(5th, 2012)* *Korea RP* *(6th, 2012)*			
Transportation general, intermodal transport, logistics, and / or unspecified	Canada Czech Rep. Australia Namibia (2nd, 2003) South Africa (2nd, 2003) New Zealand Korea RP *Panama* *(1st, 2007)*[9] *Barbados* *(2nd, 2008)* *Liechtenstein* *(3rd, 2009)*	Poland *Barbados* *(2nd, 2008)*		Philippines Poland Korea RP Slovak Rep. Malawi Australia Sri Lanka Burkina Faso Suriname Japan Qatar Paraguay Egypt Djibouti China Tanzania *Antigua & B.* *(2nd, 2008)* *Brunei D.* *(2nd, 2008)* *Barbados* *(2nd, 2008)* *Chile* *(4th, 2009)*[21] *Niger* *(2nd, 2009)* *Korea RP* *(6th, 2012)*	Malawi Venezuela The Gambia Burkina Faso Suriname Philippines Egypt Djibouti Tanzania *Jordan* *(1st, 2009)* *Morocco* *(4th, 2009)*	Brunei D Czech Rep. Slovak Rep. Bulgaria The Gambia Sri Lanka EC (8th, 2007) Bangladesh *Central African Republic* *(1st, 2007)* *Gabon* *(2nd, 2007)* *Brunei D.* *(2nd, 2008)* *Mozambique* *(2nd, 2009)*	34

➢ MEASURE ➢ ⮟ SECTOR ⮟	Direct grants	Preferential credit & guarantees	Equity injections	Tax incentives, concessions and allowances	Duty-free inputs, free zones & offshore	Other & unspecified measures	Number of WTO Members[2]
Maritime transport	Australia Solomon Islands[1] Czech Rep. Turkey Singapore Israel U.S. (8th, 2006) *Thailand* *(5th, 2008)* *Fiji* *(2nd, 2009)* *Solomon Islands* *(2nd, 2009)* *New Zealand* *(4th, 2009)* *U.S.* *(10th, 2010)* *Japan* *(10th, 2011)* *Korea RP* *(6th, 2012)*	U.S. (8th, 2006) India *Mexico* *(4th, 2008)*		*Egypt* *Jamaica* *Singapore* *Turkey* *U.S.* (8th, 2006) *Japan* *Barbados* *Australia* *Venezuela* *HK, China* *Honduras* *Turkey* *Sri Lanka* *EC (7th, 2004)* *Philippines* *Malaysia* *Djibouti* *Tanzania* *Panama* *(1st, 2007)* *Thailand* *(5th, 2008)* *Mexico* *(4th, 2008)* *Brunei D.* *(2nd, 2008)* *Mauritius* *(3rd, 2008)* *Barbados* *(2nd, 2008)* *Jordan* *(1st, 2009)* *Japan* *(10th, 2011)* *India* *(5th, 2011)*[24] *Turkey* *(5th, 2012)* *Singapore* *(6th, 2012)* *Korea RP* *(6th, 2012)* *Norway* *(6th, 2012)*	Egypt Jamaica Papua NG Turkey Barbados Honduras Philippines Djibouti Chinese Taipei Tanzania *Pakistan* *(3rd, 2008)* *Brunei D.* *(2nd, 2008)* *Barbados* *(2nd, 2008)* *Jordan* *(1st, 2009)* *India* *(5th, 2011)*[24]	EC *(7th, 2004)* Korea RP U.S. (8th, 2006) India Australia UAE *Thailand* *(5th, 2008)* *Brunei D.* *(2nd, 2008)* *Mauritius* *(3rd, 2008)* *Dominican Republic* *(3rd, 2009)* *Brazil* *(5th, 2009)*[21] *U.S.* *(10th, 2010)*	36
Air transport	Canada U.S. (8th, 2006) Iceland *Pakistan* *(3rd, 2008)* *Madagascar* *(2nd, 2008)* *Fiji* *(2nd, 2009)* *Solomon Islands* *(2nd, 2009)* *Niger* *(2nd, 2009)* *Senegal* *(3rd, 2009)* *Japan* *(10th, 2011)*	Papua NG	Hungary[1] *Japan* *(10th, 2011)*	Egypt Macau, China Venezuela HK, China Niger Honduras Singapore Mongolia Paraguay Philippines Djibouti Canada *Bahrain* *(2nd, 2007)* *Thailand* *(5th, 2008)* *Mexico* *(4th, 2008)* *Morocco* *(4th, 2009)* *India* *(5th, 2011)*[25] *Singapore* *(6th, 2012)*	Hungary Papua NG Niger Honduras Philippines Egypt Djibouti *Thailand* *(5th, 2008)* *Niger* *(2nd, 2009)*	EC *(7th, 2004)* EC (8th, 2007) New Zealand U.S. (8th, 2006) UAE Colombia *Thailand* *(5th, 2008)* *Brunei D.* *(2nd, 2008)* *China (4th, 2012)*[6bis]	32

➢ MEASURE ➢ ⮟ SECTOR ⮟	Direct grants	Preferential credit & guarantees	Equity injections	Tax incentives, concessions and allowances	Duty-free inputs, free zones & offshore	Other & unspecified measures	Number of WTO Members[2]
Road transport (including public transport)	*Gabon* *(2nd, 2007)*[11] *Switzerland* *(5th, 2009)* *Liechtenstein* *(3rd, 2009)* *Fiji* *(2nd, 2009)* *Botswana* *(3rd, 2009)* *India* *(5th, 2011)* *Korea RP* *(6th, 2012)*			*Jordan* *(1st, 2009)* *Fiji* *(2nd, 2009)* *Morocco* *(4th, 2009)* *India* *(5th, 2011)*	*Fiji* *(2nd, 2009)* *India* *(5th, 2011)*		9
Rail transport	India Kenya Czech Rep. South Africa (2nd, 2003) Turkey *Thailand* *(5th, 2008)* *Madagascar* *(2nd, 2008)* *Switzerland* *(5th, 2009)* *South Africa* *(3rd, 2009)* *Turkey* *(5th, 2012)*	Bolivia		Australia Hong Kong, China Senegal Mongolia Tanzania *Jordan* *(1st, 2009)*	Tanzania *Jordan* *(1st, 2009)*	Slovak Rep.[1] Malawi India EC *(7th, 2004)* Senegal *China* *(4th, 2012)*	17
Financial services	Poland Australia South Africa (2nd, 2003) Korea RP Argentina *U.S.* *(10th, 2010)* *Japan* *(10th, 2011)* *EU-27* *(10th, 2011)*	Poland EC *(7th, 2004)* U.S. Slovak Rep. *Costa Rica* *(3rd, 2007)* *Thailand* *(5th, 2008)* *Ghana* *(3rd, 2008)* *Switzerland* *(5th, 2009)* *U.S.* *(10th, 2010)* *Japan* *(10th, 2011)* *EU-27* *(10th, 2011)*	HK, China Norway Slovak Rep. Turkey Korea RP China *Indonesia* *(5th, 2007)* *Thailand* *(5th, 2008)* *Mexico* *(4th, 2008)*[20] *U.S.(10th, 2010)* *Japan* *(10th, 2011)* *EU-27* *(10th, 2011)* *India* *(5th, 2011)* *Korea RP* *(6th, 2012)* *Norway* *(6th, 2012)*	Singapore Tanzania U.S. Poland Korea RP Malaysia India Barbados Australia Rwanda Paraguay Egypt Trinidad & Tobago Guinea Bolivia Djibouti Kyrgyz Rep. Uganda Canada *Costa Rica* *(3rd, 2007)* *Ghana* *(3rd, 2008)* *Madagascar* *(2nd, 2008)* *Switzerland* *(5th, 2009)* *China* *(4th, 2012)*[26] *Singapore* *(6th, 2012)*	Jamaica Singapore Tanzania Trinidad & Tobago[1] St. Vincent & G Barbados The Gambia Saint Lucia Egypt Guinea Djibouti Chinese Taipei Tanzania *Antigua & B.* *(2nd, 2008)*[13] *Dominica* *(2nd, 2008)*[13] *Saint Lucia* *(2nd, 2008)*[13] *St. Vincent & G.* *(2nd, 2008)*[13] *Barbados* *(2nd, 2008)* *Morocco* *(4th, 2009)*[13] *Botswana* *(3rd, 2009)*[13] *Georgia* *(1st, 2010)*[13] *Singapore* *(6th, 2012)*	Korea RP Czech Rep. Slovak Rep. India Barbados Japan *Brunei D.* *(2nd, 2008)* *Turkey* *(5th, 2012)* *Norway* *(6th, 2012)*	44

➢ MEASURE ➢ ⮟ SECTOR ⮟	Direct grants	Preferential credit & guarantees	Equity injections	Tax incentives, concessions and allowances	Duty-free inputs, free zones & offshore	Other & unspecified measures	Number of WTO Members[2]
Software development, ICT / IT-related services, information processing (call centres, etc.)	Canada Australia Turkey *Panama* *(1st, 2007)* *Barbados* *(2nd, 2008)* *South Africa* *(3rd, 2009)*[22]	Jamaica *Barbados* *(2nd, 2008)*		Canada Egypt Korea RP Slovak Rep. Australia Sri Lanka Belize Philippines Malaysia Djibouti U.S. (8th, 2006) *Antigua & B.* *(2nd, 2008)* *Dominica* *(2nd, 2008)* *Saint Lucia* *(2nd, 2008)* *St. Vincent & G.* *(2nd, 2008)* *Pakistan* *(3rd, 2008)* *Brunei D.* *(2nd, 2008)* *Mauritius* *(3rd, 2008)* *Barbados* *(2nd, 2008)* *Jordan* *(1st, 2009)* *Fiji* *(2nd, 2009)* *Guyana* *(2nd, 2009)* *India* *(5th, 2011)* *China* *(4th, 2012)* *Korea RP* *(6th, 2012)*	Jamaica Trinidad & Tobago[1] Uruguay The Gambia Belize Philippines Malaysia Djibouti *Saint Lucia* *(2nd, 2008)* *St. Vincent & G.* *(2nd, 2008)* *Pakistan* *(3rd, 2008)* *Brunei D.* *(2nd, 2008)* *Jordan* *(1st, 2009)* *India* *(5th, 2011)*	Korea RP *Panama* *(1st, 2007)* *Pakistan* *(3rd, 2008)* *Fiji* *(2nd, 2009)*	30
Research & development	*Ghana* *(3rd, 2008)*			*Mexico* *(4th, 2008)* *Brunei D.* *(2nd, 2008)* *India* *(5th, 2011)* *Korea RP* *(6th, 2012)*		*Switzerland* *(5th, 2009)*	6
Education	*Brunei D.* *(2nd, 2008)*	*Oman* *(1st, 2008)*		*Antigua & B.* *(2nd, 2008)* *Oman* *(1st, 2008)*		*Oman* *(1st, 2008)* *Mozambique* *(2nd, 2009)* *India* *(5th, 2011)*	5
Health / hospital services	*Brunei D.* *(2nd, 2008)* *Barbados* *(2nd, 2008)* *Jordan* *(1st, 2009)*	*Oman* *(1st, 2008)* *Barbados* *(2nd, 2008)*		*Antigua & B.* *(2nd, 2008)* *Oman* *(1st, 2008)* *Barbados* *(2nd, 2008)* *Jordan* *(1st, 2009)* *India* *(5th, 2011)*[21] *Korea RP* *(6th, 2012)*	*Jordan* *(1st, 2009)*	*Brunei D.* *(2nd, 2008)* *Oman* *(1st, 2008)* *Mozambique* *(2nd, 2009)* *India* *(5th, 2011)*	8

➢ MEASURE ➢ ⮟ SECTOR ⮟	Direct grants	Preferential credit & guarantees	Equity injections	Tax incentives, concessions and allowances	Duty-free inputs, free zones & offshore	Other & unspecified measures	Number of WTO Members [2]
Construction	U.S. (8^{th}, 2006) Australia Chile (3^{rd}, 2003) *Barbados* *(2^{nd}, 2008)* *Mozambique* *(2^{nd}, 2009)*[19] *Chile (4th, 2009)*[8 & 21] *China* *(4^{th}, 2012)*	Argentina Poland Chinese Taipei *Barbados* *(2^{nd}, 2008)*		Argentina Bolivia Trinidad & Tobago Turkey Korea RP Poland India Australia Venezuela Niger Sri Lanka Burkina Faso Suriname Mongolia Djibouti U.S. (8^{th}, 2006) *Barbados* *(2^{nd}, 2008)*[8] *Mozambique* *(2^{nd}, 2009)* [19]	Brunei D. India Niger Burkina Faso Suriname Djibouti *Mozambique* *(2^{nd}, 2009)*[19]	*EU-27* *(10^{th}, 2011)*	24
Recreation, culture, sports, <u>betting and gambling services</u>	Canada Korea RP Norway Australia	Jamaica		Bolivia *Costa Rica* *(3^{rd}, 2007)* Australia Niger Senegal Honduras Sri Lanka *Antigua & B.* *(2^{nd}, 2008)* *St. Kitts & Nevis* *(2^{nd}, 2008)* *Saint Lucia* *(2^{nd}, 2008)* *Jordan* *(1^{st}, 2009)* *Korea RP* *(6^{th}, 2012)*	Bolivia Israel Niger Senegal Honduras Chinese Taipei *Antigua & B.* *(2^{nd}, 2008)* *Dominica* *(2^{nd}, 2008)* *Saint Lucia* *(2^{nd}, 2008)* *St. Vincent & G.* *(2^{nd}, 2008)* *Jordan* *(1^{st}, 2009)*		19
Telecoms	Singapore Australia Venezuela El Salvador Canada Botswana (2^{nd}, 2003) Namibia (2^{nd}, 2003) Chile (3^{rd}, 2003) U.S. (7^{th}, 2003) *Ghana* *(3^{rd}, 2008)*[6] *Oman* *(1^{st}, 2008)*[6] *Guatemala* *(2^{nd}, 2009)*[6] *Brazil* *(5^{th}, 2009)*[6] *Botswana* *(3^{rd}, 2009)*[6bis] *Lesotho* *(3^{rd}. 2009)*[6]	*Barbados* *(2^{nd}, 2008)*		Venezuela Singapore Burkina Faso Korea RP Mongolia Paraguay Nigeria Philippines Egypt Tanzania	Trinidad & Tobago[1] Mozambique The Gambia Burkina Faso Philippines Egypt Tanzania *Saint Lucia* *(2^{nd}, 2008)*	Niger The Gambia Iceland Chinese Taipei *Central African Republic* *(1^{st}, 2007)*[6bis] *Mauritius* *(3^{rd}, 2008)*[6bis] *Dominican Republic* *(3^{rd}, 2009)*[6bis]	33

➤ MEASURE ➤ ➤ SECTOR ➤	Direct grants	Preferential credit & guarantees	Equity injections	Tax incentives, concessions and allowances	Duty-free inputs, free zones & offshore	Other & unspecified measures	Number of WTO Members [2]
Audiovisual services	Argentina Canada EC (7th, 2004) Australia New Zealand The Gambia *Fiji* *(2nd, 2009)* *Korea RP* *(6th, 2012)*			Canada Jamaica Tanzania Korea RP Singapore Benin Burkina Faso Paraguay U.S. (8th, 2006) *Mexico* *(4th, 2008)* *Fiji* *(2nd, 2009)* *New Zealand* *(4th, 2009)* *South Africa* *(3rd, 2009)*	Jamaica Tanzania Burundi Burkina Faso	EC (7th, 2004) Chinese Taipei *South Africa* *(3rd, 2009)*	20
Wholesale and/or retail distribution, trade, import-export	Australia *Barbados* *(2nd, 2008)*	Turkey *Brazil* *(5th, 2009)[21]*		Trinidad & Tobago Korea RP Australia Venezuela Honduras Sri Lanka Japan *Brunei D.* *(2nd, 2008)* *Barbados* *(2nd, 2008) [8]* *Korea RP* *(6th, 2012)[8]*	Tanzania El Salvador Honduras Bulgaria The Gambia Sri Lanka Chinese Taipei *Panama* *(1st, 2007)[7]* *Peru* *(3rd, 2007) [7]* *Saint Lucia* *(2nd, 2008)[13]* *St. Vincent* *& G.* *(2nd, 2008)[13]* *India* *(5th, 2011)[4]*	*Thailand* *(5th, 2008)[8]* *Brunei D.* *(2nd, 2008)*	21
Real estate	Australia	India		Canada Japan Australia	Trinidad & Tobago		6
Energy and other utilities	Australia Turkey *Gabon* *(2nd, 2007)[10]* *Brunei D.* *(2nd, 2008)[15]* *Madagascar* *(2nd, 2008) [15]* *Maldives* *(2nd, 2009)*	*Ghana* *(3rd, 2008)*		Madagascar Slovak Rep. Haiti Australia Sri Lanka Mongolia Nigeria Egypt China *Costa Rica* *(3rd, 2007)* *Cameroon* *(3rd, 2007)* *Jordan* *(1st, 2009)[17]* *China* *(4th, 2012)*	The Gambia Egypt	Brunei D. India El Salvador Bulgaria U.S. (7th, 2003) The Gambia Angola Bangladesh Canada *Central* *African* *Republic* *(1st, 2007)[5]* *Gabon* *(2nd, 2007)* *India* *(5th, 2011)*	24
Other or unspecified sectors	Australia New Zealand Turkey Tunisia *Gabon* *(2nd, 2007)[12]* *Pakistan* *(3rd, 2008)[8]* *Madagascar* *(2nd, 2008)[12]* *Barbados*	Australia Bangladesh Turkey Czech Rep. Uganda *Panama* *(1st, 2007)[8]* *Thailand* *(5th, 2008)[8]* *Pakistan* *(3rd, 2008)[8]*	Canada	Singapore Korea RP Australia Venezuela Senegal Honduras Benin Burkina Faso Belize Suriname Jamaica	Hungary Singapore Dominica Saint Lucia St. Vincent & G. Mauritania Burundi Senegal Honduras The Gambia	Brunei D. Czech Rep. Mauritius Slovak Rep. El Salvador The Gambia HK, China *Macao,* *China* *(3rd, 2007)* *Panama*	63

➤ MEASURE ➤ ⮟ SECTOR ⮟	Direct grants	Preferential credit & guarantees	Equity injections	Tax incentives, concessions and allowances	Duty-free inputs, free zones & offshore	Other & unspecified measures	Number of WTO Members[2]
	(2nd, 2008)[16] Jordan (1st, 2009)[12] Dominican Republic (3rd, 2009)[8] Switzerland (5th, 2009)[12] Niger (2nd, 2009)[23] Senegal (3rd, 2009)[23]	Mexico (4th, 2008)[8] Brunei D. (2nd, 2008) Oman (1st, 2008)[14] Barbados (2nd, 2008)[8] Dominican Republic (3rd, 2009)[8] Brazil (5th, 2009)[21]		Paraguay Egypt Trinidad & Tobago Tunisia Guinea Malaysia Djibouti U.S. (8th, 2006) China Uganda Costa Rica (3rd, 2007)[3] Cameroon (3rd, 2007) Antigua & B. (2nd, 2008) Dominica (2nd, 2008) St. Kitts & Nevis (2nd, 2008) Saint Lucia. (2nd, 2008) St. Vincent & G. (2nd, 2008) Thailand (5th, 2008)[8] Mexico (4th, 2008)[14] Mauritius (3rd, 2008)[14] Oman (1st, 2008)[14] Barbados 2nd, 2008) Switzerland (5th, 2009) Guatemala (2nd, 2009)[4] Singapore (6th, 2012) Korea RP (6th, 2012)[8]	Rwanda Burkina Faso Belize Suriname Jamaica Egypt Trinidad & Tobago Tunisia Guinea Malaysia Djibouti Chinese Taipei Costa Rica[4] (3rd, 2007) Indonesia (5th, 2007)[4] Peru (3rd, 2007) Saint Lucia (2nd, 2008)[13] Thailand (5th, 2008) Madagascar (2nd, 2008)[4] Mauritius (3rd, 2008)[14] Oman (1st, 2008)[14] Guatemala (2nd, 2009)[4] Morocco (4th, 2009)[4] Chile (4th, 2009)[4] Maldives (2nd, 2009) India (5th, 2011)[4] Turkey (5th, 2012)[4] Korea RP (6th, 2012)[4]	(1st, 2007)[8] Gabon (2nd, 2007)[18] Pakistan (3rd, 2008)[8] Ghana (3rd, 2008)[8] Mexico (4th, 2008)[8 & 14] Jordan (1st, 2009)[18] Dominican Republic (3rd, 2009)[8] EU-27 (10th, 2011)[12 & 6bis] China (4th, 2012)[12 & 6]	

1 Subsidy programme envisaged.
2 Counting multiple occurrences as one, and also the EU-27 as one.
3 Notably educational, scientific and technological services.
4 In the context of a special economic zone or free zone regime. Service suppliers from a range of sectors may qualify for benefits under a free zone regime, provided they export services to natural and legal persons domiciled abroad, or provide services to industrial companies, which are beneficiaries of the free zone regime. Examples of services sectors may be, depending on the Member involved: distribution/trading, logistics, warehousing, packaging, storage, inspection, certification, etc. Suppliers of certain services sectors may be explicitly excluded (for example, financial or professional services).
5 Unspecified "public services" in the electricity and water sectors.
6 Universal service funding mechanism.
6bis Unspecified universal service funding mechanism.
7 In particular logistics and distribution services.
8 Incentives given to micro and/or small and medium sized enterprises (MSMEs and/or SMEs).
9 Intermodal transport and logistics.
10 Public services such as electricity.
11 Urban transport services.
12 Universal postal services. In the case of Switzerland: subsidy covers only the delivery of newspapers with subscription.
13 Offshore (or so-called "international") institutions.

14 Notably industry supporting services such as, for example, industrial process services (services for the processing, transformation or repair of goods imported temporarily) and export services.
15 Subsidies provided for water and energy.
16 Grants for export promotion and marketing in overseas markets.
17 Pipeline transportation; distribution services for water, gas, and petroleum derivatives.
18 Postal services/dependence on government subsidies of the national post company.
19 Funding of promotional activity only.
20 Banking.
21 Support limited to specific remote, disadvantaged or rural areas, usually (but not always) provided in the framework of regional development funds.
22 Business Process Outsourcing and Offshoring (BPO and O).
23 State aid for postal services.
24 Notably incentives for ship-repair units.
25 Airports.
26 Securities investment and fund development.

Source: WTO Secretariat.

ANNEX 1

LIST OF TRADE POLICY REVIEW (TPR) SECRETARIAT REPORTS REVIEWED IN THIS NOTE (45 IN TOTAL)

2007			
180	Costa Rica (3rd review)		
181	Macau, China (3rd review)		
~~182~~	~~India (4th review)~~	249	India (5th review, 20 October 2011)
183	Central African Republic		
184	Indonesia (5th review)		
185	Bahrain (2nd review)		
186	Panama (1st review)		
187	Cameroon (3rd review)		
188	Gabon (2nd review)		
189	Peru (3rd review)		
190	OECS (2nd review)		
191	Thailand (5th review)		
2008			
~~192~~	~~Turkey (4th review)~~	259	Turkey (5th review, 7 March 2012)
193	Pakistan (3rd review)		
194	Ghana (3rd review)		
195	Mexico (4th review)		
196	Brunei Darussalam (2nd review)		
197	Madagascar (2nd review)		
198	Mauritius (3rd review)		
~~199~~	~~China (2nd review)~~	264	China (4th review, 20 July 2012)
~~200~~	~~United States (9th review)~~	235	United States (10th review, 29 October 2010)
201	Oman (1st review)		
~~202~~	~~Singapore (5th review)~~	267	Singapore (6th review, 18 October 2012)
203	Barbados		
~~204~~	~~Republic of Korea (5th review)~~	268	Republic of Korea (6th review)
~~205~~	~~Norway (5th review)~~	269	Norway (6th review, 13 November 2012)
206	Jordan		
207	Dominican Republic (3rd review)		
208	Switzerland and Liechtenstein (5th+3rd review)		
209	Mozambique (2nd review)		
2009			
210	Guatemala (2nd review)		
~~211~~	~~Japan (9th review)~~	243	Japan (10th review, 2 May 2011)
212	Brazil (5th review)		
213	Fiji (2nd review)		
~~214~~	~~European Communities (9th review)~~	248	European Union (10th review, 1 August 2011)
215	Solomon Islands (2nd review)		
216	New Zealand (4th review)		
217	Morocco (4th review)		
218	Guyana (2nd review)		
219	Zambia (3rd review)		
220	Chile (4th review)		
221	Maldives (2nd review)		
222	SACU (3rd review)		
223	Niger and Senegal (2nd + 3rd review)		
224	Georgia (1st review)		

ANNEX 2

CONTENT OF INDIVIDUAL TRADE POLICY REVIEWS

1. The content of this Annex is taken directly, with some minor editing (notably the highlighting of specific services sectors and/or subsidy measures involved), from individual TPR reports published since the last update of the Note in March 2007. This Annex analyses the TPR reports contained in documents WT/TPR/S/180 to 224, replaced by the latest available reports for those nine Members that have been reviewed twice during the period from April 2007 to November 2012, namely: the United States (WT/TPR/S/235, 10th review), Japan (WT/TPR/S/243, 10th review), the European Union (WT/TPR/S/248, 10th review), India (WT/TPR/S/235, 5th review), Turkey (WT/TPR/S/259, 5th review), China (WT/TPR/S/264, 4th review), Singapore (WT/TPR/S/267, 6th review), the Republic of Korea (WT/TPR/S/268, 6th review) and Norway (WT/TPR/S/235, 6th review). The list of TPR reports can be found in Annex 1.

2. References hereafter deal with subsidy measures and programmes, past or present, usually for individual services sectors. Also included is information on generally-available cross-sectoral subsidies, provided the latter can also be granted to certain services sectors or sub-sectors. Examples of such generally available subsidies are those awarded in the context of investment promotion schemes, regional development funds (to support remote/disadvantaged regions), research and development programmes, or special/free economic zones.

3. Universal service obligations and/or funding mechanisms, typically occurring in sectors such as telecommunications, postal or transport services, have been included in this Note only if, according to the information available, they seemed to entail some kind of financial contribution by the state.[1] However, this does not imply *per se* that a subsidy is necessarily involved, as it depends whether a financial contribution compensates, or overcompensates, for the additional expenditures entailed by the provision of the universal service.[2] Unfortunately, the information contained in TPR reports is usually not precise enough to allow an accurate determination in that respect. Tax and other incentives or benefits enjoyed by offshore companies have also been included. Finally, company-internal cross-subsidization between monopoly and market-oriented activities in sectors such as transport, telecommunications and utilities (water, energy) has not been included.

1 COSTA RICA - WT/TPR/S/180/REV.1 (3RD REVIEW, 2 AUGUST 2007)

P. ix, para. 15

Costa Rica maintains numerous incentive schemes in addition to exports subsidies, with fiscal incentives and tax exemptions granted under around 200 different laws. At end-2006, the Ministry of Finance was working on a draft law on transparency and rationalization of incentive regimes.

P. 16, para. 21

Most-favoured-nation treatment is guaranteed to foreign investors under the provisions of bilateral investment treaties, free trade agreements and the GATS. Foreign investors are eligible for the same **incentives** as those granted to Costa Rican enterprises (see Chapter III).

[1] When the universal service fund is not financed by contributions from the operators.

[2] It is to be noted that, with respect to telecommunications, currently 90 Members have undertaken Reference Paper obligations in their schedules that contain disciplines on the universal service measures. Paragraph 3 of the Reference Paper stipulates that: "Any Member has the right to define the kind of universal service obligation it wishes to maintain. Such obligations will not be regarded as anti-competitive *per se*, provided they are administered in a transparent, non-discriminatory and competitively neutral manner and are not more burdensome than necessary for the kind of universal service defined by the Member."

Pp. 53-54, paras. 141, 145 and Table III.8

6. Subsidies and other export-related tax benefits

(b) Free Zone Regime

Free zones are the most important export promotion instruments in Costa Rica. The principal legal provisions are contained in the Law on the Free Zone Regime No. 7210 of 23 November 1990, amendments thereto, and its implementing regulations.[3] The latter are contained in Executive Decree No. 29606-H-COMEX of 18 June 2001 and amendments thereto. Other relevant provisions on free zones can be found in the General Customs Law No. 7557 of 20 October 1995, Section I, Chapter V, and amendments thereto[4]; the implementing regulations for the General Customs Law, Chapter X; and Executive Decree No. 25270-H of 28 June 1996 and amendments thereto.[5] [...].

Incentives under the Free Zone Regime include: (i) exemption from all taxes and consular fees on imports of raw materials, spare parts, packing materials and other products, machinery, equipment, replacement parts, fuel and oil; (ii) exemption from all tax relating to the export or re-export of products; (iii) exemption from payment of tax on capital and net assets and payment of the land tax; (iv) exemption from sales and consumption tax on purchases of goods and services; (v) exemption from all taxes on profits; (vi) exemption from any municipal or business tax. Companies situated in relatively less-developed areas, which came under the Free Zone Regime prior to 8 October 2003, also have the right to a credit of 10% of the amount paid as salaries during the year immediately preceding; this percentage falls by two percentage points per annum until the benefit expires in the fifth year, i.e. in 2008. Export processing companies which, on completion of four years of operations, reinvest in Costa Rica may be given an additional exemption from payment of income tax for a percentage corresponding to the ratio of the reinvestment to the original investment.

Table III.8

Free Zone Regime incentives

Type of incentive	Features and time-limits
Exemption from taxes on capital and net assets, the land tax[a] and the property transfer tax	Valid for 10 years
Exemption from all profits tax and any other tax for which the taxable base is determined according to gross or net earnings, dividends paid to shareholders or revenue or sales	For companies based in "relatively more developed areas", the exemption is 100% for eight years and 50% for the following four years. For companies based in "relatively less-developed areas", the exemption is 100% for up to12 years and 50% for the following six years. Export-processing companies which reinvest in Costa Rica after completion of four years of operation under the Regime are eligible for a further exemption of 75% for up to four years depending on the amount reinvested.
Exemption from all municipal or business taxes	Ten years

a Law No. 7509 on property tax of May 1995 abolished exemption from the land tax.

[3] The main amendments to Law No. 7210 are: Law No. 8262 of 2 May 2002 (amending Article 23 of Law No. 7210); Law No. 7830 of 22 September 1998; Law No. 4924 of 17 September 1997; Law No. 7638 of 30 October 1996; Law No. 7535 of 1 August 1995; and Law No. 7467 of 20 December 1994.

[4] The amendments to the General Customs Law No. 7557 of 20 October 1995 are: Law No. 7900 of 3 August 1999; Law No. 8373 of 4 August 2003; and Law No. 8419 of 28 June 2004.

[5] Executive Decree No. 25295 of 17 June 1996, Executive Decree No. 26285 of 18 August 1997, Executive Decree No. 26961 of 30 March 1998, Decree No. 27717 of 23 February 1999, Executive Decree No. 28242 of 30 September 1999, Executive Decree No. 28976 of 27 September 2000, Executive Decree No. 31667-H of 5 March 2004, and Executive Decree No. 32098 of 23 September 2004.

Pp. 62-64, paras. 186-188 and Table III.11

3. Incentives

Costa Rica grants incentives in favour of numerous economic sectors, usually through tax incentives or financing programmes. In 2005, over 200 laws gave tax exemptions.[6] At the end of 2006, the Ministry of Finance was working on a draft law on transparency and rationalization of the exemption regimes with the intention of reducing the number of exemptions allowed.

(a) Tax incentives

A large number of laws allow tax exemptions. The Judiciary has estimated that these exemptions foster greater socio-economic equality.[7] […]. With regard to profits tax, in 2005 the Government relinquished C 95,500 million in taxes (US$199.9 million) from free zones, cooperatives and mutual assistance organizations (C 80,800 million, C 5,900 million and C 8,800 million respectively). There has been no study to quantify the overall economic impact of these exemptions, even though at the end of 2006 a study on the impact of free zones was being prepared.

Tax exemptions are governed by the Law Regulating Tax Exemptions, Waivers and Exceptions (Law No. 7293 of 31 March 1992 and amendments thereto). This Law refers specifically to the exemptions granted to domestic industry and for imports, listing the benefits granted under various laws and for particular products (Table III.11). […].

Table III.11

Some tax incentives included in Law No. 7293

Product	Benefit	Operation benefiting
[…]		
Public events (**sports events, theatre and cinema,** when the latter are showing films for children) **Advertising services** on radio stations and rural newspapers	Exemption from the General Sales Tax pursuant to Law No. 6826 of 8 November 1982 and amendments thereto (Law on the General Sales Tax)	Import and local sales
[…]		

Source: WTO Secretariat, on the basis of Law No. 7293 of 31 March 1992 (Law Regulating Tax Exemptions, Waivers and Exceptions).

Pp. 64-65, para. 189 and Table III.12

Table III.12 gives details concerning the tax incentives to promote production and investment in addition to those granted under Law No. 7293. […].

[6] Comptroller-General of the Republic (2005a).
[7] *Idem* (2002).

Table III.12

Other tax incentives

[…] **Beneficiaries:** Companies engaged in **tourism** activities. **Benefits:** Vary depending on the activity: **accommodation, air transport, water transport,** incoming **travel agencies** and **car rental** firms. Includes exemption from all taxes and charges applicable to the import or purchase in Costa Rica (with the exception of the sales tax) of articles essential for the operation and establishment of hotel services; spare parts for the operation of ships; articles for construction, extension or modification of quays or other ports for tourists. Exemption from taxes and charges, with the exception of customs duty, for the import of public transport vehicles with a minimum capacity of 15 passengers and the import or purchase of vessels in Costa Rica. Supply of fuel at competitive prices for the **air transport of passengers.** Exemption of 50% on the total amount obtained by applying the taxes in force on the import of motor vehicles solely intended for rental to tourists. **Legal framework:** Law No. 6990 of 15 July 1985 (Law on Incentives for Tourism Development), Decree No. 24836 of 5 December 1995, and Decree No. 25148 of 20 March 1996 (regulating car rental for Costa Rican and foreign tourists).
Beneficiaries: Buyers of new vehicles for the remunerated **transport of persons by taxi.** **Benefits:** Exemption of 60% on all taxes of any kind paid in order to import or upon import. **Legal framework:** Law No. 7969 of 22 December 1999. **[…]**

Source: WTO Secretariat.

Pp. 66, para. 192

(a) Financing programmes and other incentives

The **tourism** sector is given non-tax incentives which include access to promotion and technical advice programmes and the promotion programmes of the Costa Rican Tourism Institute (*Instituto Costarricense de Turismo* – ICT).[8] […].

P. 92, para. 102

(v) Financial services

The predominance of State-owned banks results from regulatory and fiscal asymmetries, including a **government guarantee on all their liabilities** (there is no deposit insurance for private banks). In addition, private banks are required to hold at least 17% of their short-term deposits in State banks at below-market interest rates (see below)[9] to be able to receive deposits from the public; and there is an 8% tax exemption on returns at maturity for holders of fixed-term dollar deposit certificates issued by State banks. On the other hand, the authorities indicated that the State banks, for their part, are subject to costly and cumbersome public procurement procedures.

P. 92, para. 103

A regulatory framework that does not provide for the supervision of banks based abroad, together with a number of operational facilities and the **possibility of avoiding tax payments on certain operations performed abroad,** have continued to provide **incentives** for financial activities conducted through **offshore banks** – entities legally established abroad but owned by Costa Rican financial groups. Offshore banks conduct most of their deposit-taking and lending activities with Costa Rican residents. […].

[8] Decree No. 25226 of 15 March 1996 (Regulation of Tourism Enterprises and Activities).
[9] IMF (2004).

2 MACAO, CHINA - WT/TPR/S/181/REV.1 (3RD REVIEW, 8 JUNE 2007)

P. 46, paras. 64-66

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(ii) Non-tax incentives and other forms of assistance

(a) Non-tax incentives

The Government continues to provide a number of incentives, other than tax measures, mainly in the form of support for investment projects and interest rate subsidies.

Under Decree-Law No. 49/85/M, investment in Macao, China is encouraged through repayable or non-repayable subsidies for the following activities: manufacturing of new products that involve high economic risk; research and development projects that further Macao, China's industrial development; and the **installation of anti-pollution equipment and its operation.** […]. According to the authorities, the estimated value of the subsidies for 2001-05 was P 30.2 million.

Under Decree-Law No. 23/98/M, investors may benefit from government-funded interest rate subsidies ranging from 4% to 6%[10], on private bank pataca loans for buying or leasing new equipment or the construction or leasing of industrial buildings.[11] The entitlement period ranges from one to four years. […]. The specified industries are: fisheries; manufacturing; **wholesaling and agency businesses** except for motor vehicles and heavy motorcycles; **cargo storage; warehousing; forwarding agencies and logistics-related businesses; communications and providers of services to enterprises.** Interest rebates in 2004 were granted mainly to enterprises engaged in manufacturing and fisheries activities, and the loans were used primarily to purchase or rent new facilities.

P. 60, para. 14

(3) Services

The Government has […] introduced an **offshore** tax scheme aimed at overseas companies that do not have their market and customer base in the territory. It offers **competitive tax incentives, including exemption from income taxes and stamp duties,** three years' exemption from salaries taxes for managers and technicians, and the use of non-Macao SAR currency for business activities.

3 CENTRAL AFRICAN REPUBLIC - WT/TPR/S/183/REV.1 (1ST REVIEW, 30 JULY 2007)

P. 44, para. 63

(iii) Incentives

[…] **Public services** such as **electricity** (Chapter IV(3)(iii)), **water** (Chapter IV(3)(iv)), **transport** (Chapter IV(5)(i)) and **fixed telecommunications** (Chapter IV(5)(iii)) also benefit from government support.

---

[10] The interest rate subsidies offered are 4% to 5% for the construction, installation or lease of industrial facilities; 6% for investments made to improve working conditions or safety standards; 4% for the purchase or lease of new cargo vehicles, and 5% to 6% for the purchase and renovation of new facilities. *Macao Yearbook 2005*, p. 203.

[11] The subsidy takes the form of a reduction in the bank's commercial rate. For example, a commercial rate of 10% might be reduced to 6%, the 4% reduction being funded by the Government. From 2001 to 2005, the estimated value of the subsidies was P 30.2 million for total bank loans of more than P 600 million.

P. 65, para. 79

(iii) Telecommunications and postal services[12]

The obligation to provide **universal** fixed telephony **services** is in principle the responsibility of SOCATEL, but how they are to be financed is not specified. Such obligations are not yet applicable to mobile telephony.

4 INDONESIA - WT/TPR/S/184/REV.1 (1ST REVIEW, 6 NOVEMBER 2007)

P. 57, para. 82

(iii) Export assistance

(a) Free-trade export zones and similar schemes

Indonesia has seven bonded zones and 40 industrial estates.[13] Goods may be imported into a bonded zone and then re-exported without payment of tariffs, unless the goods are sent into the regular customs territory of Indonesia. Bonded zones are intended for the processing of goods and materials, including their **design, engineering, sorting, initial inspection, and packaging.** They allow businesses to defer payment of import duties while storing, exhibiting, selling, packing and re-packing or processing goods originating outside Indonesia. Location in one of Indonesia's industrial estates offers a simplified application process for building and related permits and a way around complex rules on land use. […].

Pp. 84-85, para. 52 and p. 87, para. 58

(i) Financial services

Indonesia's banking sector collapsed in the wake of the 1997-98 financial and economic crises as a result of its huge accumulation of bad debt. Since then more than 50% of (2000) GDP has been spent to **recapitalize** the banks and put them on a solid footing. […].

[Bank Indonesia (BI)] has moved towards full compliance with the Basel Core Principles for Banking Supervision […]. Regulation and supervision of the sector has been strengthened considerably and the **blanket guarantee on bank deposits,** which has existed since the crisis, is being gradually phased out since a deposit insurance scheme was put in place in 2004. […].

P. 95, para. 79

(ii) Transportation

(a) Air

[…] Domestic airport tariffs are kept low and do not allow cost recovery for the services provided. Consequently, only major airports with significant international traffic can break even. […].

P. 96, para. 82

(iii) Tourism

The Government is **heavily involved** in the tourism industry. It owns the main domestic and international airline as well as another large airline, Merpati. It is also involved in travel agencies and local hotel groups. The Government is involved in **promoting** tourism under several themes in

[12] French Embassy in Cameroon, Economic Mission in Yaoundé (2006b); Ministry of Communications, Post and Telecommunications (undated).

[13] Industrial estates are widespread, though 32 are on the main Java island. Locations include Bintan island, Medan (North Sumatra), Banten (Java), Bekasi, Bogor and Tangerang (West Java), Semarang (Central Java) and Makassar (South Sulawesi). There is also a transnational bonded zone – called Sijori – comprising Singapore, Johor (Malaysia) and Riau (Sumatra) in Indonesia.

parallel with the effort to improve Indonesia as the one of the most varied destinations. As stated in the National Tourism Strategic Plan, the vision of stakeholders in Indonesian tourism development is to achieve a tourism capability that strengthens national identity and unity, increases the nation's well-being and promotes friendship among nations.[14] The promotion of tourism is complex, involving a number of bodies and stakeholders, although the Indonesian Culture and Tourism agency has overall control.

5 BAHRAIN - WT/TPR/S/185/REV.1 (2ND REVIEW, 23 OCTOBER 2007)

P. 72, paras. 122-123

(iv) Transport

(a) Maritime transport

According to the authorities, the only conditions associated with flying the Bahraini flag are registration and certification. Any ship may acquire Bahraini nationality if it is registered at any port in the Kingdom of Bahrain, and if the owner or owners are Bahraini nationals; in the case of a corporation, it must have Bahraini nationality. The Minister of Finance may, with the consent of the Council of Ministers, award Bahraini nationality to ships owned by foreigners.[15] According to the authorities, there are **no incentives** for flying the Bahraini flag, and cabotage is not regulated. […].

No special government funding is available to the maritime subsector although the Minister of Finance holds a general reserve for use in the case of an emergency. […].

P. 72, paras. 128 and 132

(b) Air transport

The following **incentives** are granted to promote Bahrain's airport as a regional hub: (i) landing and parking fees are free of charge for two years for new airline entrants; (ii) exemption of air navigation fees for two years; and (iii) 50% of charges are paid by air cargo (on an unlimited basis).

According to the authorities, Bahrain adopts a multiple designation approach in its bilateral negotiations; this allows more than one carrier from a state to operate the permitted services. **Benefits, including special rebates, discounts, and incentives** for landing, take-off, and parking charges, are provided to airlines on a case-by-case basis. Some classes of aircraft are exempt by law from payment of these charges; these include aircraft of the Kingdom of Bahrain, of the United Nations and its agencies, the League of Arab States and its agencies, aircraft used without remuneration, and any other aircraft that may be exempted by the CAA.[16]

6 PANAMA - WT/TPR/S/186/REV.1 (1ST REVIEW, 3 DECEMBER 2007)

P. ix, paras. 19-20

The Colon Free Zone (ZLC) grants similar benefits to those provided under the [Export Processing Zones, ZPE] regime. Although the ZLC aims to encourage both commercial and industrial activities, in practice only **service** and re-export operations take place in it. The ZLC functions as a global **logistical and distribution** centre, and accounts for just over three quarters of Panama's total merchandise exports.

---

[14] The plan recognizes that tourism is also a source of increasing stress on fragile ecosystems and culture environment because it concentrates on vulnerable natural and cultural sites. For the last few years, the development of cultural tourism in Indonesia has focused away from the mass tourism approach to the special interest approach, which generally involves "three pillars of sustainability": ecologically and environmentally friendly, socio-culturally friendly, and economically efficient.

[15] WTO (2000).

[16] Ministry of Transportation, Civil Aviation Affairs, Civil Aviation Law, (Article 119).

Panama maintains numerous incentive schemes, in addition to export subsidies, that target micro and small businesses, **research and development** projects, as well as specific sectors such as agriculture, forestry, mining, and **tourism.** By and large, such schemes seek to assist the production of goods by granting tariff or other tax concessions. There are no estimates of the net benefits to the economy of these incentives. A reassessment of the nature and number of such schemes with a view to their possible rationalization could contribute to greater transparency and efficiency in their use; it might also permit the redeployment of fiscal resources towards areas such as education and infrastructure.

P. 64, paras. 216-218

(b) Other fiscal and financial incentives

Law No. 33 of 25 July 2000 contains support measures and incentives for promoting the strengthening, consolidation and self-sustainability of micro, small- and medium-sized enterprises (MSMEs). The Micro, Small and Medium-Sized Enterprise Authority (AMPYME), established by Law No. 8 of 29 May 2000, is the authority responsible for implementing Law No. 33 of 2000 […].[17]

The Authority provides support for company formation and the implementation of training programmes; it also acts as an intermediary with the financial system to facilitate access to credit.[18] However, the Law authorizes the State to establish the financial, customs and fiscal support programmes it considers appropriate for facilitating and promoting MSME activities. The authorities have acknowledged that in practice this has not happened.

Law No. 33 of 2000 established a Guarantee Fund, administered by the Authority, for **guaranteeing loans** and for **training and technical assistance** for micro and small businesses, with annual funding of at least B 5 million deposited in the National Bank of Panama.

P. 65, paras. 221-222

[…] Law No. 8 of 14 June 1994 establishes tax incentives for **tourism** activities, mainly in order to promote foreign investment in this sector. The incentives granted include total exemption from: income tax for a period of 15 years; real estate tax for a period of 20 years; import duties on materials and furniture needed by the investment company to meet its building and equipment requirements, provided the goods are not produced in sufficient quality and quantity in Panama; taxes and fees for the use of wharves and airports built by the investment company, for a period of 20 years; and tax on the income that creditors can generate in tourism investment operations.

[…] Law No. 7 of 10 July 1990 includes incentives for enterprises engaged in **leasing** movable property. The lease of property situated outside Panamanian territory is free of taxes, and the profits from Panamanian vessel chartering transactions are totally exempt from tax.

Pp. 65-66, para. 224

The National Strategic Plan for the Development of Science, Technology and Innovation 2006-2010, implemented by the Government through Cabinet Resolution No. 104 of 21 December 2005, is coordinated by the *Secretaría National de Ciencia, Tecnología e Innovación* (National Science, Technology and Innovation Secretariat – SENACYT). This Plan structures SENACYT's activities, the aim of which is to support the development of science, technology and innovation for the purpose of modernizing the public, private and academic sectors and increasing their productivity. The Plan recognizes five core sectors for innovation and technological modernization in the private sector: **intermodal transport and logistics, information technology, biosciences, tourism,** and agro-industry.[19] The main action taken within the context of the Plan includes: establishing funds, open to competitive bidding, for promoting

[17] Law No. 33 of 2000 covers MSMEs active in the goods and **services** sector.

[18] For example, in 2001, AMPYME signed such an agreement (Agreement No. 002-01) with MULTICREDIT BANK, a bank which established a financing programme especially for MSMEs.

[19] Cabinet Resolution No. 11 of 2 February 2007 establishing and adopting the National Strategic Plan for the Development of Science, Technology and Innovation 2006-2010. Available for consultation at: http://www.senacyt.gob.pa/media/documentosDireccionGestion/Plan%20Estrategico%20actualizacion%202007.pdf

research, development and innovation; the implementation of innovation and technological modernization projects in priority areas; the strengthening of conglomerates; and innovation capacity-building at enterprise level.

P. 78, para. 9

Panama's ship register is the largest in the world. Registration gives **tax benefits** such as exemption from profits tax.

P. 100, para. 133

(b) Maritime transport services

Registration [in the Panama register of ships] confers **fiscal benefits** such as exemption from tax on profits earned from the activity carried out. Law No. 25 of 3 June 2002 allows an additional rebate of up to 25% on the annual tax per tonne and 50% on the annual consular fee for a period of four years for registered entities that operate at least four newly-built vessels with a minimum of over 50,000 GRT up to 100,000 GRT; for groups of four ships exceeding 100,000 GRT, the additional annual tax rebate is up to 35%. In order to obtain these advantages, the owners must undertake to keep the vessels under Panamanian registration for a period of four years. Law No. 36 of 6 July 1995 also allows reductions for the registration of groups of ships (at least three) or for large vessels, which may be 20 or 50% depending on the tonnage.

7 CAMEROON - WT/TPR/S/187/REV.1 (3RD REVIEW, 5 DECEMBER 2007)

P. 23, paras. 47 and 49

[It is unclear whether services sectors are covered, or not.]

The [Investment] Charter also provides for three types of **incentive:** promotion (including activities such as organizing events and missions, management of a range of opportunities, and marketing the country's potential); facilitation (consisting, *inter alia*, of assistance in completing formalities); and **support** (consisting in the main of technical or financial support for forming or taking over companies and developing exports). The **fiscal incentives** include lower customs duties, zero VAT on exports and refund of VAT collected on investments and the operating costs of exporting companies; as well as special incentives for research and development, vocational training, and environmental protection. The Charter also envisages the creation of economic zones.

Under the 1990 Code, companies can benefit from the following: the basic regime (for eight years); the SME regime (for ten years); the strategic enterprises regime (for 17 years); or the Free Zone Regime (Chapter III(3)(vi)). Under the basic regime, the **benefits** include **fiscal incentives** such as exemption from the registration tax on capital-increase instruments and leases for property to be used for professional purposes, and from transfer tax on the purchase of property, land or buildings. Companies can also receive a 50% reduction in company tax (IS), the tax on industrial and commercial profits (BIC), and the proportional tax on income from movable capital (TPRCM). The SME regime and the strategic enterprises regime provide the same **benefits**, but for longer periods. In order to take advantage of the SME regime, at least 35% of the capital must be held by Cameroonian nationals.[20]

P. 57, para. 118

(v) Incentives

Pursuant to the Investment Charter adopted in 2002[21], technical or **financial support** may be given to promote investment, with the aim of promoting sustainable growth and creating employment. Support is given notably for setting up and taking over companies, and for developing exports. […].

[20] For further details on these incentives, see WTO (2001).

[21] Law No. 2002/2004 of 19 April 2002, on the Investment Charter in the Republic of Cameroon.

P. 82, para. 61

(i) Petroleum and gas products

(c) Gas

[…] During the first 10 years of exploitation, persons undertaking **gas transportation, distribution, storage and processing** activities are exempted from customs duties, taxes and fees on imports of the equipment to be allocated and used in such activities. They also benefit from the possibility of accelerated depreciation. […].

P. 97, para. 118

(iii) Tourism

The Investment Charter allows general tax incentives to be agreed upon to attract investment (both national and foreign). According to the authorities, specific measures for tourism have not yet been adopted. […].

8 GABON - WT/TPR/S/188/REV.1 (2ND REVIEW, 5 DECEMBER 2007)

P. 42, para. 46

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Incentives

[…] Public services such as **electricity** (Chapter IV(3)(iii)), **water** (Chapter IV(3)(iv)), **urban transport services** (Chapter IV(5)(i)) and **postal services** (Chapter IV(5)(iii)) also receive State support. The privatization programme has also written off the liabilities of the companies concerned (section (iv)).

P. 51, para. 4

Gabon has an under-exploited potential for the provision of services. It is hoped to develop ecotourism in order to profit from the extraordinary wealth of fauna and flora to be found in Gabon's forests. In 2002, the State established a network of national parks and protected areas, and Gabon is, after Costa Rica, the country that has protected the largest percentage of its territory. **Hotel infrastructure development** is **subsidized**, but the sites are poorly served by the transport services and there are few good roads. […].

P. 68, para. 67 and Table IV.7

[…] Under the National Investment Charter (Chapter II(4)), the Government has introduced **fiscal and customs measures to encourage large-scale hotel investments**[22], in excess of CFAF 1.8 billion[23], as well as smaller investments (Table IV.7).[24] In return, tourism enterprises and those participating exclusively in an approved project undertake to give priority to recruiting Gabonese workers and to comply with environmental protection standards.

[22] Ordinance No. 02/2000 of 12 February 2000. In particular, exemption from corporation tax during the implementation of the project and the first eight years of operation; exemption from corporation tax on half the taxable profits for the next eight years; exemption from property tax on new buildings for ten years; exemption from business license fees for the first five years of operation; a ten-year exemption from customs duties and import taxes on new equipment, tools, capital goods, and means of transport used for tourism purposes; and exemption from VAT on capital goods and personalized supplies for approved tourist hotel enterprises (Article 166, General Code of Direct and Indirect Taxes (January 2007 edition)).

[23] Article 12, Rectified Finance Law 2002.

[24] Income tax credit corresponding to 5% of the amount, excluding tax, of the investment for a period of five years (Article 10, Finance Law 2003).

Table IV.7

Fiscal and customs incentives for investment in tourism, June 2007

Conditions of approval:
The construction and/or equipping of tourist accommodation, facilities on tourist sites, tourism promotion and transport facilities, facilities for the operation of pleasure craft, and extensions thereto.
Fiscal and customs concessions for investments in excess of CFAF 1.8 billion:
Exemption from corporation tax (IS) or personal income tax during the period of construction of the project and the eight years of operation following completion of construction of the approved project, and a 50% reduction on the corresponding taxable profits during the eight years following the end of the exemption period;
Carry-over of losses recorded during the exemption period to set against profits made during the first three years of operation of the project;
Exemption from withholding tax for payments made during the period of construction of the project and the first ten years of operation;
Exemption from the payment of business licence fees for a period of five years;
Ten-year exemption from property tax for new construction, and progressive application of the tax over four years (20, 40, 60, and 80%);
Exemption from customs duties and taxes on (new) plant and equipment for a period of ten years;
Exemption from VAT on capital goods and personalized supplies for approved tourist hotel enterprises.
Fiscal and customs concessions for investments of less than CFAF 1.8 billion:
Income tax credit corresponding to 5% of the amount of the investment, excluding tax, for five years.

Source: Ordinance No. 2/2000 of 12 October 2000, General Code of Direct and Indirect Taxes (January 2007 edition).

9 PERU - WT/TPR/S/189/REV.1 (3RD REVIEW, 17 DECEMBER 2007)

P. ix, para. 34

[…] In 2005, Peru adopted a law to grant **incentives** for the development of the national merchant marine; however, this is awaiting the adoption of regulations.

P. 54, para. 183 and Table III.6

(b) Free zones

Peru offers tax benefits through the Export, Processing, Industry, Marketing and **Service** Centres (CETICOS) of Ilo, Matarani and Paita, and the Tacna Free Zone (ZOFRATACNA) (Table III.6). In mid-2005, Peru abolished the export requirements for obtaining benefits under these schemes.[25] […].

[25] Thirteenth complementary, repealing, and final provision of Law No. 28569, of 5 July 2005.

Table III.6

Main elements of CETICOS and ZOFRATACNA, March 2007

	CETICOS[a]	**ZOFRATACNA**
Main legislation[b]	Legislative Decree No. 842 (30.08.1996); Legislative Decree No. 865 (27.10.1996); Legislative Decree No. 864 (27.10.1996); Law No. 26953 (22.05.1998); Supreme Decree No. 023-96-ITINCI (04.01.1997)	Law No. 27688 (28.03.2002); Supreme Decree No. 011-2002-MINCETUR (17.12.2002); Supreme Decree No. 002-2006-MINCETUR (11.02.2006); Supreme Decree No. 021-2003-MINCETUR (03.09.2003); Supreme Decree No. 005-2007-MINCETUR (15.04.2007)
General objectives[c]	To develop the northern and southern zones of Peru by promoting private investment in infrastructure and productive activity	To contribute to sustainable socio-economic development of the Department of Tacna through investment and technological development
Main benefits	Exemption from tariff duties and other taxes levied on imports; Exemption from Income Tax, IGV, Municipal Promotion Tax and ISC until 2012	Exemption from tariff duties and other taxes levied on imports until 2022; exemption from Income Tax, IGV, Municipal Promotion Tax and ISC
Activities authorized	Manufacturing, except for products classified in ISIC Rev 2 categories 3114 (apart from the preparation of products based on fish meal), 3115, 3118, 3122, 3530 and 3720 (apart from refined copper piping and accessories of refined copper piping), and those that have recorded exports of over US$15 million in 1996 (applicable only to tariff headings listed in Supreme Decree No. 005-97-ITINCI); *maquila* and assembly activities; **processing, repair and packaging of merchandise;** and **storage, distribution, marketing and other services related to the aforementioned activities**	Manufacturing except for products classified in ISIC Rev 2 categories 3114, 3115, 3118, 3122, 3530 and 3720 (apart from agribusiness products from the region); *maquila*; storage, distribution and other services

a Only refers to provisions applicable to the CETICOS at Ilo, Matarani and Paita; the CETICOS at Loreto, established by Law No. 26953 of 22 May 1998, was not operating in mid-2007.
b Excluding amendatory legislation.
c As indicated in the law.

Source: WTO Secretariat.

P. 56, para. 194

The Law for Investment Promotion in the Amazon Region (Law No. 27037) provides **tax benefits** in the form of **reductions or exemptions** from income tax and general sales tax for firms in various departments engaging in […] and **tourism,** among others. The benefits include a reduction of income tax to either 10 or 5%; exemption from that tax and other partial or complete exemptions from indirect taxes, as well as from other levies such as the special tax on net assets or municipal taxes.

10 ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS) - WTO MEMBERS[26]

10.1 Antigua and Barbuda WT/TPR/S/190/ATG/Rev.1 (2nd review, 18 April 2008)

P. 26, para. 123

The only free zone in operation is the Free Trade and Processing Zone [...]. According to the OECD, the license fees received from **sports book and internet gambling** represent the main source of revenues from the free trade zone.[27] Nevertheless, the size of these operations has declined considerably in recent years. Between 1999 and 2003, the number of licensed **casino operators** fell from 119 (with 3,000 employees) to 28 (with fewer than 500 employees).

P. 29, para. 135

The [Antigua and Barbuda Investment Authority (ABIA)] started functioning in May 2007. Its mandate is to attract foreign direct investment and build, foster, and support local investment. The ABIA gives priority to **tourism** development, **financial services, business support (call centres, etc.), information/computer technology, health and wellness, education, logistics** (e.g. transhipment), and [...]. The ABIA also aims to create a level playing field for all investors, local or foreign, administer standard criteria as laid down in the Investment Authority Act for the **grant of incentives** and concessions, and respond in a timely manner to applications for investment certificates and incentives. [...].

P. 28, paras. 130-131

(ii) Incentives and assistance

The Government offers numerous concessions to investors, particularly if the investment is substantial. The main objectives are to promote investment in the country and develop domestic capacity in business, and to facilitate the establishment of investment. Decisions on the granting of concessions are made by Cabinet, based on criteria laid out in the various incentives laws (see below).

Current legislation on incentives includes the Aid to Pioneer Industries Act, the Fiscal Incentives Act and a number of sector-specific incentives schemes, in particular for **tourism**, for example the Hotel Aid Act (Cap 204) (Chapter IV(3)(vi)).

P. 39, paras. 195-196

(b) Offshore financial services

International banks and insurance companies, require a licence. They enjoy **complete tax exemption,** guaranteed by the Government for 50 years from establishment, as well as total exemption from exchange control, and are allowed to issue bearer shares. There are 17 international banks registered in Antigua and Barbuda, and 12 international insurance companies.

[...] International banks may only conduct transactions in currencies other than those of CARICOM members. International banks and insurance companies are precluded from any active trade or business within Antigua and Barbuda or any other CARICOM member state, [...].

P. 43, paras. 223-224

(vi) Tourism

Antigua and Barbuda offers a variety of **tax incentives** to domestic and foreign property developers. According to the authorities, no figures are available on the revenue forgone as

[26] OECS Members: Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.
[27] OECD (2006), p. 24.

a result of the benefits provided. Under the Hotel Aid Act 1952[28], developers may import building materials and equipment **duty free**, or drawback customs duties already paid, subject to obtaining a license from the Cabinet. Under Income Tax (Amendment) Act No. 4 of 2003, new hotels and the expansion of existing ones after January 2003, are eligible for **relief from corporate income tax** for seven to 25 years, depending on the number of new rooms created.[29]

In 2005, to encourage development of accommodation for the Cricket World Cup, **tax concessions** were granted for building new and renovating existing tourist accommodation. These concessions included income tax holidays of up to 25 years depending on the number of rooms; relief on stamp duty on transfer of land, property, and non-citizens' landholding license fees, based on the number of rooms; a percentage tax credit for financial institutions, based on the size of the investment; a **waiver of custom duty** and consumption tax on imports of building materials and equipment; and the right to tax-free repatriation of capital, royalties, dividends, and profits.[30] Incentives may also be granted under project-specific legislation.

<u>P. 46, paras. 236-237</u>

(viii) Other offshore services

[…] These companies enjoy the same tax exemptions as offshore financial services companies (see above), with the exception of an income tax of 3% introduced in 2001, which they must pay.[31] They must have a registered office and a registered agent in Antigua and Barbuda. Information was not available on the total number of non-financial offshore business companies registered in Antigua and Barbuda, nor on the forms of business they are engaged in.

At May 2007, there were 44 licences issued for the operation of **interactive wagering and/or gaming** in Antigua and Barbuda, for 25 such companies. […].

10.2 Dominica WT/TPR/S/190/DMA/Rev.1 (2nd review, 18 April 2008)

<u>P. 10, paras. 40 and 42</u>

The Government's strategy for the past 20 plus years has been attracting foreign investors by offering various **incentive schemes;** […].

Incentive regimes for foreign investors are governed chiefly by Fiscal Incentives Act, No. 42 of 1973 (as amended), **Hotel** Aids Act Cap 85, Vol. 4 of the Revised Laws of Dominica, the Income Tax Act, Cap 61, Vol. 1 of the Revised Laws, and Value Added Tax Act No. 7 of 2005 (see Chapter III(3)(ii)). Although the Government places particular emphasis on **tourism,** […] and **information technology,** investment in **any other sector** of economic activity is welcome and may be eligible for incentives if the proposed investment meets policy and legislative requirements. Horizontal incentives for foreign investors are also in place with respect to exemptions from foreign exchange remittance limitations under the Foreign Exchange Control Act.

<u>P. 18, para. 80</u>

(c) Tariff and tax concessions

Two of Dominica's incentives schemes also grant **import duty concessions and exemptions** for imports of goods to be used in approved industries. Fiscal Incentives Act No. 42 of 1974 (as amended) provides import duty relief on raw materials and inputs, materials, tools, plant, machinery and building materials, and the **Hotel** Aid Act, as amended by Hotel (Amendments) Aid Act No. 21 of 1991 provides for the **duty-free importation** of building materials and articles of hotel equipment for the construction or equipment of hotels.

[28] Hotel Aid Act 1952 (as amended). Viewed at: http://www.laws.gov.ag/acts/chapters/cap-204.pdf.

[29] Income Tax (Amendment) Act 2003. Viewed at: http://www.laws.gov.ag/acts/2003/a2003-4.pdf. Prior to the 2003 amendment to the Income Tax Act, income tax relief granted for the construction and development of hotels was granted under the Hotel Aid Act.

[30] The Cricket World Cup Projects (Incentives) Act, 2005. Viewed at: http://www.laws.gov.ag/acts/2005/a2005-20.pdf.

[31] This tax was introduced by The International Business Corporation (Amendment) Act, 2001.

P. 30, para. 137

(ii) Incentives and assistance

Under Fiscal Incentives Act No. 42 of 1973 as amended by Act No. 3 of 1992 and Act No. 3 of 1994, a **tax holiday of up to 15 years** may be granted for the manufacture of approved products by approved enterprises […]. Among the Government's favoured sectors are **hotels and ancillary services,** […], **information and communication technology,** and **any other sector** that has the potential to provide employment.

P. 48, para. 242

(v) Tourism

Under the **Hotels** Aid Act (1991) and the Fiscal Incentives Act, the Minister responsible for tourism may grant licences to investors constructing hotels (of not less than five bedrooms) to import building materials and articles of hotel equipment **free of all customs duties.** […] Under the Income Tax Act, No.37, 1982, as amended by Act No. 12 of 1997, **income tax exemptions** are available to property developers for the construction and extension of hotels; this tax relief is available for a maximum of 20 years. […].

Pp. 44-45, paras 218, 220 and 222

(ii) Offshore financial services

Offshore banking in Dominica started in the mid-1990s. Within the Ministry of Finance, the FSU is responsible for regulating offshore financial services. The main legislation governing offshore banking is Offshore Banking Act No. 8 of 1996 (as amended by Act No. 2 of 1997; No. 18 of 1999; and No. 16 of 2000).

Dominica had one offshore bank, down from six in 2000. According to the authorities, these bank closures were as a result of the FATF report and subsequent reforms.

Offshore insurance companies are regulated by [the] Exempt Insurance Act No. 14 of 1997 and the Exempt Insurance (Amendment) Act of 2000. There are no licensed offshore insurance companies in Dominica.

P. 50, para. 253

(vii) Other offshore services

The operations of offshore companies, other than banks and insurance companies, are regulated by International Business Company Act No. 10 of 1996. […]. They are granted a 20-year tax holiday from the date of incorporation, and are not subject to the Exchange Control Ordinance. There are 11,796 international business companies registered in Dominica. […].

10.3 Grenada WT/TPR/S/190/DMA/Rev.1 (2nd review, 21 April 2008)

P. 50, para. 244

(vi) Tourism

Grenada offers **fiscal incentives** to encourage the development or renovation of **hotels** of ten rooms or more. Under the Hotels Aid Act of 1954, goods for the construction and equipment of hotels, with a minimum of ten rooms, may be imported **duty free.** […] The Hotels Aid Act, and the duty relief offered under the Act in its current form, pertains only to hotels and is unclear with respect to villa-style developments, which are the current trend. This has led to the uneven application of tax incentives and a case-by-case approach.[32]

10.4 Saint Kitts and Nevis WT/TPR/S/190/KNA/Rev.1 (2nd review, 21 April 2008)

P. 8, para. 36

[…] In order to attract foreign investment, the Government offers a range of **incentives** to potential investors, particularly in the areas of **tourism** and **hotel accommodation**, and […]. Fiscal incentives for foreign investment are granted under the Fiscal Incentives Act of 1974 and also available under different acts for investment in the **tourism** sector (Chapter III(3)(ii)). […].

P. 15, para. 71

[…] The Fiscal Incentives Act of 1974 provides **import duty relief** on raw materials and inputs, materials, tools, plant, machinery, and building materials. The **Hotels Aid Act,** as amended by the Hotels Aid (Amendment) Act (1998), provides for duty-free imports of building materials and articles of hotel equipment for the construction or equipment of hotels. […].

P. 23, paras. 115 and 118

St. Kitts and Nevis employs **incentives schemes** in order to attract investment, encourage new employment opportunities, and promote diversification of the economy. […]. The incentives available are generally holidays on income tax and profits, and import duty exemptions. […].

There are sector-specific incentives for **tourism**, as included in the Income Tax Act No. 17 of 1966; and the **Hotels Aid** (Amendment) Act (1998); (Chapter IV(3)(vi)). Tax waivers are also granted on a case-by-case basis to foreign investors for the construction of infrastructure, with preference given to the construction of hotels, **casinos,** and villas. These incentives are decided by Cabinet […].

10.5 Saint Lucia WT/TPR/S/190/LCA/Rev.1 (2nd review, 21 April 2008)

P. 9, para. 38

The Government has identified **information technology,** […], **hotel development,** […], and **financial services** as priorities for expansion and investment. **Incentives** to potential investors are offered through tax holidays and other tax concessions (see Chapter III(3)(ii)). […].

P. 17, para. 70

The Government used **tax and tariff concessions** as an instrument to help prepare for the 2007 Cricket World Cup. Various forms of **tax relief** were granted under laws such as the Cricket World Cup (Tourism Accommodation) Incentives Act No. 6 of 2005, and the Cricket World Cup (Tourism Accommodation) Incentives (Amendment) Act No. 27 of 2006, among others.

P. 29, para. 119

St. Lucia's investment policy has been geared towards encouraging and developing agricultural, manufacturing, and **services** activities. […]. A large number of incentives have been put in place throughout the years to promote these goals, based primarily on exemptions from taxes and tariffs.

P. 30, para. 124

The Special Development Areas Act No. 2 of 1998 […] offers special incentives to investors carrying out or financing development activities in the less developed areas. Qualifying activities include the development of **conference centres,** residential complexes, and commercial or industrial buildings; the improvement or expansion of **tourism**-related services; […]. Incentives

[32] OECD (2006).

available include exemption from income tax on interest received in respect of a loan to an approved developer, and exemptions from the payment of import duty, stamp duty, and consumption tax on inputs for construction or renovation.

P. 43, para. 177

(ii) Telecommunications

Telecom operators are eligible for **fiscal incentives:** under Cabinet Conclusion No. 797 of 2002, they are eligible for 100% waiver of import duty and consumption tax on equipment and materials for the establishment and construction of new telecommunications networks subject to verification of the list of equipment and materials by the Ministry of Communications, Works, Transport and Public Utilities prior to importation.

P. 45, paras. 190 and 192

(b) Offshore financial services

Up to date information was not available on the number of offshore banks and international insurance companies registered in St. Lucia. Offshore financial services are regulated by the Ministry of International Financial Services.

The main legislation governing offshore banking in St. Lucia is the International Banks Act No. 42 of 1999 (as amended by Act No. 2 of 2003) and the main legislation governing offshore insurance companies is the International Insurance Act, No. 38 of 1999 (as amended by Act No. 3 of 2003). […]. Under the International Business Companies Act, international business companies are not subject to exchange controls and may elect to be exempt from income tax or liable for income tax at a rate of 1% on the chargeable income of the company. […].

p. 49, para. 214

(v) Tourism

Under the **Tourism Incentives** Act No. 7 of 1996, corporation tax exemptions for up to 15 years may be granted for approved tourism products by the Minister for Tourism and Civil Aviation, with the approval of the Cabinet.[33] The Minister may also grant investors a permit to import specified building materials, articles or equipment **free of customs duty** and consumption tax, or drawback on duties already paid.[34]

Pp. 50-51, paras. 222-224

(vii) Other offshore services

Offshore companies, otherwise known as international business companies (IBCs) in St. Lucia are regulated by International Business Companies Act No. 40 of 1999.

Types of IBCs located in St. Lucia include holding companies; personal investment companies; **import/export companies; professional service companies;** intellectual property holding companies; and, finance companies. No information was available on the number of offshore companies operating in St. Lucia.

As stipulated in the International Business Companies Act, IBCs may not carry on business with St. Lucian residents nor own any property in the country. IBCs are, however are allowed to hold shares, debt obligations or other securities in companies incorporated in St. Lucia, and St. Lucian residents may hold its shares. IBCs are **exempt from taxes** (unless they elect to be liable for

[33] According to the authorities, approved tourism products include any service or facility considered to be a tourism project such as hotels, restaurants and refurbishments.

[34] Organization of American States (OAS) online information. Viewed at: http://www.oas.org/TOURISM/incentives/st-lucia.rtf.

income tax of 1% on the chargeable income of the company), as well as stamp duty, and they are not subject to exchange controls. […].

10.6 Saint Vincent and the Grenadines WT/TPR/S/190/VCT/Rev.1 (2nd review, 21 April 2008)

P. 9, para. 40

In order to attract foreign investment St. Vincent and the Grenadines offers **incentives** in a range of areas (Chapter III(3)(ii)). The St. Vincent and the Grenadines Export Free Zone Act No. 15 of 1999 grants the port authority responsibility for administering free zones. To date there are no free zones in operation.

P. 24, para. 110

National Investment Promotion Incorporated (NIPI) (Chapter II) acts as an export and investment promotion agency. […]. The five priority sectors identified by the NES are: **tourism; information communication technology** (e.g. improved connectivity); […] and **creative industries (e.g. music).** Among the activities that may be called for in the NES are trade fairs, a website, and national branding. Two legislative proposals that are in the early stages of development would provide support for these activities: a Small Business Development Bill 2007, and an Information and Communication Technology Services Investment Incentives Bill, 2007.

P. 27, para. 122

[…] Incentives are granted under Fiscal Incentives Act No. 5 of 1982, and under **Hotels** Aid Act (Cap 339 and 340 of the Laws of St. Vincent and the Grenadines, Revised Edition, 1990), (see Chapter IV).

P. 36, para. 177

(ii) Telecommunications

[…] The Information and Communication Technology Services Investment Incentives Bill, which is currently before Parliament, would allow approved companies **duty-free** imports of material and equipment for the provision of information and communication technology services. […].

P. 44, para. 226

(v) Maritime transport

The authorities were unable to confirm whether domestically flagged ships were eligible for any fiscal incentives.

P. 41, para. 207

(iii) Financial services

[…] Offshore banks benefit from various tax and duty exemptions, for a minimum of 25 years from the date the licence is granted.

P. 42, para. 211

Under the Act, international insurance companies are exempt from all taxes and stamp duty for a minimum of 25 years from the date the certificate of tax exemption is issued. This exemption is renewable indefinitely.

Pp. 45-46, para. 236

(vi) Tourism

Tourism development is one of the priority areas in which the Government is encouraging investment.[35] Under Hotels Aid Act No. 16 of 1988, **tax concessions** include the **waiver or drawback of customs duties** and consumption taxes on imports of building materials and equipment as well as advertising and promotional material related to the tourist industry. Between 2001 and 2006, total revenue forgone as a result of customs duty relief under the Hotel Aid Act was EC$1.6 million. Over the same period, an additional EC$751,000 of revenue was forgone as a result of other tax relief for purposes connected with tourism. Income tax holidays are available for the development of new hotels and apartment-hotels (of not less than five rooms for citizens of St. Vincent and the Grenadines, and not less than ten rooms for other persons) or for improvement and expansion. […]. The income tax holiday is for nine to 15 years, depending on the number of rooms created. […].

Pp. 47-48, paras. 246-248

(viii) Other offshore services

International business companies (IBCs) must be incorporated under the International Business Companies Act No. 18 and Act No. 38 of 1996 (as amended in 2002). IBCs are regulated and licensed by the St. Vincent and the Grenadines Offshore Finance Authority.

In addition to offshore banks and international insurance companies, other offshore companies include: 16 mutual funds, 13 mutual fund managers, and 114 trusts. There are also 6,632 registered **international business companies (IBCs).**[36] No information was available on the contribution of offshore activities to employment, investment, or government revenue.

Under the International Business Companies Act, IBCs are precluded from carrying on business with residence of St. Vincent and the Grenadines. They may, however, hold bank accounts in St. Vincent and the Grenadines, and may invest in stocks and entities doing business in the state. IBCs must have a registered agent in St. Vincent and the Grenadines and a registered office (which may be the office of the registered agent); they do not need to appoint managers or directors in order to be registered. IBCs are exempt from all taxes as well as stamp duty for 25 years from their incorporation; this tax exemption is renewable indefinitely. Tax exemptions also apply to dividends paid by IBCs. IBCs are not subject to exchange controls.[37]

11 THAILAND - WT/TPR/S/191/REV.1 (5TH REVIEW, 6 FEBRUARY 2008)

P. 78, para. 97

(i) Taxation

As in many other countries, the corporate tax is used by the Thai Government not just to generate revenue, but also as an instrument of economic policy by means of **tax incentives.** Among the main types of incentive are corporate **tax holidays** (total exemption from tax) for specified periods; these incentives are, in most cases, still granted by the Board of Investment (sections (2)(ii)(j) and (4)(ii)(a)).[38] One noteworthy tax incentive outside the purview of the BOI involves the **low tax rate of 10% granted to International Banking Facilities (IBFs)** in an attempt to develop Thailand's financial sector. This incentive, by implicitly subsidizing foreign exchange borrowing by Thai enterprises, was probably one of the factors that exacerbated the financial crisis in 1997. In 2006, the Thai Government adjusted the incentive scheme for IBFs by

[35] NIPI (2007).

[36] International Financial Services Industry, St. Vincent and the Grenadines online information. Viewed at: http://www.stvincentoffshore.com/industry.htm.

[37] International Business Companies Act No. 18 and No. 38 of 1996. Viewed at: http://www.stvincentoffshore.com/pdf/international%20business%20companies%20act.pdf; and International Business Companies (Amendment) Act, No. 26 of 2002. Viewed at: http://www.stvincentoffshore.com/pdf/International%20Business%20Comp%20_Amend_%20act%202002.pdf

[38] See, for example, WTO document G/SCM/N/123/THA, G/SCM/N/128/THA, 23 June 2005.

repealing the incentive for out-in facilities, but continuing the incentive for out-out facilities[39], which are operated in the Domestic Banking Unit. […].

P. 80, para. 100

(ii) Investment incentives

The BOI recognizes the need to remove impediments to investment rather than relying on widely used tax incentives; the authorities indicate that this is the BOI's long-term goal. […]. Maximum **tax and duty privileges** are given to regions or areas with low income and inadequate investment facilities. **SMEs** with minimum investment capital of B 1 million (excluding cost of land and working capital) are eligible for **promotion incentives.**

Under the Investment Promotion Act B.E. 2520 (1977), Amendment No. 2 (1991) and Amendment No. 3 (2001), the BOI continues to have a wide-ranging influence on the formulation and implementation of investment promotion policies. The BOI, *inter alia*, authorizes the granting of tax and non-tax measures; main tax incentives include **exemptions from import duties** for machinery or raw materials, and **corporate tax exemptions,** and main non-tax measures include special permission for approved investments to be majority foreign-owned and to own land. […]. In 2006, 33% of BOI-approved projects were 100% foreign-owned investments and 42.3% were joint ventures[40]; 28.5% of these projects were export-oriented and involved […] **services and infrastructure** […].

P. 120, para. 64

(iii) Banking, finance, and insurance

In 1997, the Government announced explicit **full guarantees for depositors and creditors** of commercial banks, foreign bank branches, financial companies, and *credit foncier* companies. Later, in 2003, the guarantee for creditors was abolished owing to economic recovery. A **deposit insurance agency** is to be established as a legally separate entity with initial capital of B 1 billion. Annual premiums collected from members should not exceed 1%. The **existing blanket guarantee** will be replaced by a limited insurance with coverage of B 1 million. The authorities plan to reduce coverage gradually from full guarantee to the targeted amount, tentatively within four years. The full coverage will remain for the first year, and will be reduced each year to B 50 million, B 25 million, B 10 million and B 1 million, respectively. In June 2007, the draft Deposit Insurance Act was being reviewed by the Council of State; it will subsequently be proposed to the Parliament for approval.

P. 121, para. 64

(iii) Banking, finance and insurance

During the period under review, banks maintained [minimum capital adequacy ratio, CAR] in excess of minimum requirements: the CAR rose from 12.9% in December 2002 to 14.3% in April 2007 and tier 1 capital rose from 8.9% to 11.4% over the same period. This development was, *inter alia*, due to continued improvement in operations of financial institutions, the **recapitalization** of certain banks, and the raising of new capital through the issuance of subordinated debt instruments, common stocks, as well as hybrid tier 1 capital instrument. […].

[39] The authorities indicate that "out-out banking facility" means: accepting deposits or borrowing in foreign currencies from sources outside Thailand for the purpose of lending in foreign currencies outside the country; and accepting deposits or borrowing in Thai baht from foreign banks or overseas branches of commercial banks for the purpose of lending in Thai baht to foreign banks or overseas branches of commercial banks.

[40] BOI online statistics. Viewed at: http://www.boi.go.th/english/download/boi_statistics/28/0612_app_en.pdf [14 February 2007].

P. 129, para. 95

(v) Transport

(a) Railway

The State Railway of Thailand (SRT) operates and maintains Thailand's rail services. [...]. The Government tries to implement policies to increase efficiency of rail services and to reduce its financial losses, *inter alia*, from track rehabilitation work, yearly maintenance costs, and social service provisions.[41] Despite legal provisions requiring the Government to **reimburse SRT for its annual losses,** it does not normally allocate the full amount, which causes cash flow shortages for the SRT.

Pp. 129-130, para. 99

(b) Maritime transport

[...] Many **promotional measures** are in place to attract Thai operators to fly the Thai flag, these include **administrative, tax relief, and funding measures.**[42] [...]. The objective is to provide more flexibility to Thai ship owners due to the shortage of Thai seafarers.

P. 131, paras. 105-106

(c) Air transport

Since January 2004, Thai AirAsia, a Thai-Malaysian joint-venture low-cost airline, has benefited from BOI investment privileges such as **tax exemptions** for eight years, including taxes on machinery imports.[43] These **incentives** are available to **all airlines requesting investment promotion within the air transport service category** under BOI Announcement No. 2/2543 (2000), which provides for incentives, such as **import duty exemption** on machinery regardless of zones, corporate income tax exemptions, and other incentives according to zones, to all "priority activities" (Chapter III).

[...] Thai Airways International **benefits** from regulations that require civil servants and officers of government-related agencies to use its services.

P. 132, paras. 110-111

(vi) Tourism

A Committee for National Tourism Policies (Committee for National Tourism Development until 2005), chaired by the Prime Minister, is responsible for preparing tourism plans and policies. According to the authorities, a Tourism Master Plan aims to promote foreign tourists arrivals targeting an increase of not less than 6% per year and revenue growth of not less than 10% per year [...]. The Board of Investment offers **tax and other investment incentives** for **hotels** with more than 100 rooms. However, firms located in zones 1 and 2 will receive only non-tax incentives, while those located in zone 3, except 18 least developed provinces, will receive only import duty exemption on machinery. These incentives are granted to both domestic and foreign investors.

The Tourism Authority of Thailand (TAT), a state agency, handles tourism **promotion.**[44] Its Thailand Tourism Promotion Policies for 2003-2006 include five main objectives: to **promote** tourism as a major instrument for improving the economy; to promote and develop proactive marketing operations; to promote cooperation with all parties both domestic and international in

[41] Thailand Outlook online information, *Transport*. Viewed at: http://www.thailandoutlook.com/thailandoutlook1/about+thailand/transport/ [25 March 2007].

[42] The authorities indicate that details on these promotional measures are available in the Maritime Department online information (www.md.go.th), but no such information was available in the English version of this site.

[43] EIU (2006b).

[44] WTO (2003).

tourist market promotion and development; to strive for organizational, management, and personnel skills; and to accelerate the development of an information technology system that facilitates e-tourism.[45]

P. 134, para. 122

(vii) Distribution services

In recent years, the Department of Business Development of the Ministry of Commerce has also taken steps to help **small retailers** run their business more competitively by providing them with **training and operation plans,** for example with respect to logistics and supply chain management and the establishment of networks among manufacturers, wholesalers, and small retailers. A state-backed firm, Allied Retail Trade, was set up to help small retailers through such means as **financial aid and the building up of bargaining power.**

12 PAKISTAN - WT/TPR/S/193/REV.1 (3RD REVIEW, 20 MAY 2008)

P. 61, para. 91 and Table III.4

(iv) Export subsidies

(b) Sector-specific schemes

A number of sector-specific schemes also assist exports (Table III.4). Exports of **computer software and IT-related services** are exempt from income tax until end-June 2016 (from 1 July 2003). […].

Table III.4

Sectoral export subsidies, 2006/07

Export/industry	Description
[…]	
IT services or enabled services, computer software	Income exempt from tax for the period 1 July 2003 until 30 June 2016

Source: Government of Pakistan, *Trade Policy*, various years.

P. 72, para. 124

Small- and medium-sized enterprises (SMEs)

Policies on SMEs are handled by the Small and Medium Enterprise Development Authority (SMEDA). The Government's first SME policy, approved in January 2007, highlights **logistical and infrastructural support** and the need to lower costs of "doing business", such as by providing an improved business environment, **easier credit access, human resource development, and support for technology up-grading and marketing.** The State Bank issued new prudential regulations for SME financing in 2004 to raise credit access by SMEs. Banks can now extend cash-flow lending to them using personal guarantees. The SME Bank was restructured and is expected to be privatized in 2007/08. The SME Business Support Fund makes **grants** to SMEs of up to PRs 1.8 million, on a shared-cost basis. […].

[45] Tourism Authority of Thailand (2006).

Pp. 106-107, para. 100

(a) Shipping

[…] Ships (including floating craft, tugs, dredgers, survey vessels) bought or chartered by a Pakistani entity and flying the country's flag are **exempt from import duties** and surcharges until 2020 provided they are not demolished within 5 years. […].

P. 107, para. 101

(b) Air transportation

[…] Government subsidies apply to certain of [the state-owned Pakistan International Airways (PIA)]'s loss-making socio-economic routes.[46]

P. 108, para. 106

(iv) Information technology and software development

Pakistan has continued to promote development of information technology and computer software, with particular export focus. Development has been assisted by **several tax, financial, and regulatory incentives** e.g. exemption from income tax on software exports until end-June 2016, allowing 100% foreign equity, […].

13 GHANA- WT/TPR/S/194/REV.1 (3RD REVIEW, 7 MAY 2008)

P. 13, para. 15

Investment **incentives** are available to foreigners and Ghanaians alike. Certain machinery and equipment imported for investment purposes are eligible for reduced import tariffs and VAT rates (Chapter III(2)(iii)(d)). Tax rebates are available for investments in specific regions (Chapter III(4)(i)(c)). Special investment incentives are also available to enterprises located in free zones (Chapter III(3)(v)). The Ghana Investment Fund (GIF) aims to provide medium- and long-term credit facilities to investors through designated financial institutions.

P. 21, para. 10

A number of incentives are being provided to attract foreign direct investment into critical areas, including the energy, **financial, and telecommunications** sectors. Commercial lending rates are relatively high, and the Government has set up the Export Development Fund (EDF) to provide loans to the private sector at reasonable rates.

P. 78, paras. 75-77

(i) Incentives

(a) Research and development

The Ministry of Education, Science and Sports is responsible for policy issues relating to science and technology. The Council for Scientific and Industrial Research (CSIR), established in 1968, is a statutory organization responsible for coordinating **scientific and industrial research.** It has 13 research institutes and centres under its control, and covers both agricultural and manufacturing research on, *inter alia*, crops, livestock, soil and land use, forestry, food processing, and **transportation.** The Council is required to generate at least 30% of its operational budget. Other organizations under the Ministry involved in technology development and transfer are: the Ghana Atomic Energy Commission (GAEC), the Ghana Regional Appropriate Technology Industrial Service Foundation (GRATIS), the Development and Application of Intermediate Technology (DAPIT), and the Rural Enterprise Project (REP).

[46] World Bank (2005a), p. 21.

The Ghana Research and Advocacy Programme G-RAP is a **funding mechanism** to support the institutional development of research and advocacy organizations in Ghana. G-RAP is supported by various international donors.

P. 62, para. 92

(a) Telecommunication

In order to promote **universal access** to telecommunication services, the Government instituted the Ghana Investment Fund for Telecommunications (GIFTEL) in 2004.[47] GIFTEL's primary responsibility is to facilitate investment in information and communication technology in under-served areas; priority is given to projects that seek to increase basic rural connectivity and access to broadband services. To date, GIFTEL has **supported** the establishment of 77 community information centers and 44 common telecommunication facilities in under-served areas. GIFTEL's operations are financed by contributions from operators who must pay 1% of their net profit; **additional resources may be allocated by Parliament.** Projects identified by GIFTEL are announced publicly and allocated by open tender.

P. 65, para. 113

(v) Tourism

Hotels, guest houses, and other accommodation establishments and tour operators licensed by the Ghana Tourist Board are eligible for certain **tariff and tax concessions.** As decided by the Ghana Investment Promotion Centre in June 2005, **tariff and VAT exemptions** are granted on, *inter alia*, imports of capital and office equipment, furniture, and passenger vehicles. In addition, hotels that have between two and five stars are **exempt from corporate tax** for five years.

14 MEXICO - WT/TPR/S/195/REV.1 (4TH REVIEW, 2 MAY 2008)

P. 31, paras. 9-10

The two major export promotion instruments, the Maquila and the PITEX, were amalgamated into the IMMEX Programme at the end of 2006. This programme grants **fiscal and administrative benefits** contingent, *inter alia*, on compliance with minimum export requirements. […].

In 2002, Mexico introduced several sectoral promotion programmes (PROSECs) under which the eligible companies may import inputs used to produce specified goods at a reduced tariff. […]. There are also a large number of other government support programmes for specific areas.

Pp. 67, paras. 181-183

(iv) Tariff and tax concessions

In order to streamline procedures and lower administrative costs both for companies and for the Federal Government, on 1 November 2006 the Decree on the Promotion of the Manufacturing and In-Bond Assembly (*Maquiladora*) Industry and **Export Services (IMMEX**) was published, amalgamating the Maquila and PITEX programmes into a single instrument that gradually came into force as of 13 November 2006.[48] As a result of this amalgamation, the name of the Maquila programme was changed and the PITEX programme was terminated, even though the benefits of both programmes remained in effect until the IMMEX Programme entered into force fully, which was planned for 1 July 2007. In October 2007, however, it was decided to defer its full application until January 2008. The IMMEX Programme is for an indefinite period.

The IMMEX Decree redefines the Maquila concept to **include not only** the industrial process or services for the processing, transformation or repair of goods imported temporarily before returning abroad**,** but also the **supply of export services.** Sub-manufacturing operations are

[47] Ministry of Communications (2004).

[48] Decree amending the provisions on the promotion and operation of the in-bond assembly industry for export, published in the Official Journal of the Federation of 1 November 2006.

defined as **industrial processes or services directly related to manufacturing** in a company with an IMMEX Programme, **carried out by a person other than the latter company's owner.** Consequently, sub-manufacturing does not only include processes that complement manufacturing for export but also complete processes provided that they are related to the operations of an IMMEX company.

The IMMEX Programme can be authorized in several forms; in addition to those included under the former Maquila scheme (industrial, **services,** accommodation and holding companies), a new form has been introduced called **"tertiarization"** (shift towards the tertiary sector), which **allows a company that does not have its own production facilities to engage in manufacturing through third parties registered in the programme.** The purpose is to respond to new business needs such as outsourcing and to encourage the integration of small- and medium-sized enterprises into the export market.

Under the IMEX programme, the temporary import of raw materials, parts and components is subject to a regime called "deferred payment of tariffs", under which the tariff is not paid as long as the inputs are incorporated into a product for export; the tariff on the temporary import of machinery and equipment still has to be paid.[49] The provisions on the application of MFN or preferential tariffs on inputs contained in FTAs signed by Mexico, where applicable, still apply.

<u>P. 70, paras. 199-200 and 203-205</u>

(v) Export financing, insurance and guarantees

Financial support for the export sector is still mainly through the *Banco Nacional de Comercio Exterior* – BANCOMEXT (National Foreign Trade Bank), which acts as the Federal Government's development bank specializing in financing and promoting exports and has its own legal status and assets.

BANCOMEXT gives short-, medium- and long-term loans, and guarantees and insurance to direct or indirect exporters, particularly **small- and medium-sized enterprises.** The main instruments used by the Bank to provide financial support are: loans to exporting companies to finance their working capital, export sales and export-related investment projects; lines of credit for importers of Mexican goods and services; insurance, collateral and pre- and post-export guarantees for commercial financing; as well as other financial services to facilitate export transactions such as letters of credit and trust fund services […].

The sectors with the major share of BANCOMEXT financing from January to June 2007 were (their percentage of the total is shown in brackets): the agricultural sector (30.2), **services (24.1),** electrical-electronics sector (10.9), and building materials (8.5).[50]

Through its subsidiary Bancomext Insurance, BANCOMEXT provides export credit insurance and guarantees to support exports and facilitate access to credit. The guarantees protect exporters and commercial banks from the risk of default on the credit granted from the start of production until the goods or services for export are marketed.

Bancomext Insurance provides two types of guarantee: financial guarantees and guarantees against political risk. Financial guarantees are channelled through the commercial banks and are intended to facilitate the financing of working capital, export sales and investment projects for direct or indirect exporters; they cover between 50 to 70% of the credit granted to the companies. Political risk guarantees (or post-export guarantees) are given to direct exporters in order to protect them against the possibility of non-payment by a buyer abroad for political reasons; the guarantee covers up to 90% of the value of the export invoice. Between January and June 2007, BANCOMEXT insured and guaranteed operations amounting to US$134 million.[51]

---

[49] Articles 104 and 110 of the Customs Law. See also information from the SE online. Consulted at: http://www.economia.gob.mx/?P=asp_gen_immex.

[50] Data provided by BANCOMEXT.

[51] *Ibid*.

Pp. 79-82, para. 256 and Table III.12

(iii) Incentives

(a) Overview

Other programmes give **tax concessions** for specified activities such as [...] **air and maritime transport,** and the **cinematographic industry.** Fiscal assistance is also given for acquiring equipment to **combat contamination** and for **technological research and development activities** (Table III.12).

Table III.12

Tax incentives for the promotion of economic activities

Institution	Name of the programme	Description
[...]		
Ministry of Finance and Public Credit (SHCP)	Technological development	Deduction from income tax of the contributions made to **technological research and development** funds.
	Tax incentives for the **cinematographic industry**	Tax incentive for companies investing in **national cinematographic production.**
	Incentives for **public transport of passengers or freight**	Tax incentive for persons purchasing diesel fuel for their final consumption to be used in vehicles exclusively intended for the public or private transport of passengers or freight.
	Incentives for **land transport of freight or passengers**	Tax incentive for persons exclusively engaged in land transport of freight or passengers and in private transport of freight or passengers.
	Incentives for the **merchant marine**	Tax incentive for persons purchasing special marine diesel fuel to be used in vessels for merchant marine activities.
	Incentives for commercial corporations **building or buying real estate**	Tax incentive for companies building or buying real estate.
Ministry of the Environment and Natural Resources (SEMARNAT)	Duty-free import of **anti-contamination** equipment	The exemption only applies if the equipment to be imported cannot be substituted by equipment produced or that could be produced in Mexico. Subject to prior authorization by the SE.
	Accelerated depreciation of equipment to be used to **prevent or control contamination**	Incentive for companies purchasing equipment to be used to prevent or **control contamination of the environment;** 95.7 to 100% of the value of the purchase of the asset can be depreciated.

Source: Information provided by the Mexican authorities (October 2007).

P. 85, para. 263

(c) Financial support and other programmes

Apart from the credit granted by development banks, financial support is also given through credits, payments and, in some instances, risk capital for social, technological development and environmental protection projects and is channelled through special funds and trust funds managed by various Federal Government agencies and organizations.[52]

P. 78, para. 97

(v) Maritime transport

In mid-2006, the Federal Government created the Mexican Merchant Marine Development Fund (Fondemar) with a view to helping Mexican shipping companies to **obtain financing for buying, building or modernizing vessels for maritime traffic.** In each case the SCT must determine

[52] The CIPI publishes information about these programmes online. Consulted at: http://www.cipi.gob.mx/html/body_programas_de_apoyo.htm.

Fondemar's level of **participation in the credit risk through guarantees**. According to information provided by the authorities, the resources allocated to Fondemar amounted to 117 million pesos (US$10.7 million).

P. 124, para. 138

(b) Banking sector

From December 2000 to June 2007, total credit granted by commercial banks to the private sector rose by 102.7% in real terms. The overall robust performance is attributed to the **recapitalization** and reprivatization of banks, the consolidation of the banking system after the 1994 financial crisis and […].

15 BRUNEI DARUSSALAM - WT/TPR/S/196/REV.1 (2ND REVIEW, 4 JUNE 2008)

P. 1, para. 1

The Government provides a wide range of free or heavily subsidized public services and employs 25% of the labour force.[53]

P. 31, Box II.1

Box II.2: Brunei Economic Development Board's economic diversification strategy

The Brunei Economic Development Board's (BEDB) economic diversification strategy is designed to create long-term business and employment opportunities for Bruneians. It is currently focusing on developing downstream oil and gas industries, particularly on its Sungai Liang Industrial Park (SPARK) and planning the development of a globally competitive **port** on Pulau Muara Besar, supported by an export processing zone for **logistics, distribution** and light to medium manufacturing industries. In addition to industrial site development, in 2003 the BEDB sponsored a study to identify industry clusters with the potential for growth. Subsequently, four industry clusters were prioritized: **transportation and logistics; business services; financial services; and hospitality and tourism.** The BEDB collaborates with various lead agencies to develop these clusters.

The BEDB's main objectives are to: stimulate the growth and development of the economy by promoting Brunei Darussalam as an investment destination; develop plans to attract foreign and local investment in industries and skill-intensive services that enjoy good export-market prospects; promote and assist in the development of industrial activities; encourage foreign and local industries to invest in new technology, automation, training, research, and product development activities; and support the development of local entrepreneurs and SMEs.

The general criteria for evaluation of investment projects are: sustainability, prospects of industrial spin-off and businesses opportunities for domestic SMEs, potential to create employment opportunities and fit with the national economic development plan. In keeping with its efforts to ensure real and sustainable benefits are derived from investments, investors enter into a Cooperation Agreement with the BEDB. In signing the agreement, the BEDB helps the investor in securing incentives, utilities, and infrastructure. The investor commits to agreed quantifiable and qualitative undertakings on a best endeavours basis in such areas as employment, transfer of technology, local participation, promotion of local SMEs, spin-offs, and community development.

Source: Authorities of Brunei Darussalam.

P. 31, para. 49

(ii) Incentives

In January 2001, the Sultan issued the Investment Incentives Order 2001 and the Income Tax Act (Amendment) Order 2001, which contained reforms designed to stimulate investment. The first made application for tax incentives simpler for corporations and the second **broadened the tax incentives.** The Investment Incentives Order 2001 provides for a number of **incentives**, mainly in the form of **tax exemptions** for companies that have been granted "Pioneer Status" and for the expansion of established enterprises. Administration of the legislation is under the Minister of

[53] The authorities consider that government subsidies have helped to lower household income inequality in Brunei as measured by the Gini Coefficient, which declined from 0.413 in 1998 to 0.401 in 2005.

Industry and Primary Resources. Longer corporate tax relief periods are provided to promote the establishment of industries; the emphasis is on pioneer enterprises, including high-technology industries, export-oriented manufacturing and **services, research and development, transhipment,** and **activities that support the introduction of new technology** into Brunei Darussalam. Any limited company with a Pioneer Status Certificate will be granted an exemption from corporate income tax (normally levied at a rate of 30%), for between two and five years depending on the level of investment on capital assets. The exemption begins on the first day of production and may be extended to 20 years. Pioneer Status companies are **also exempted from customs duty on plant, machinery, and equipment for their premises, and on raw materials** that are not available in Brunei and are to be used in the production of the pioneer products. Tax incentives are also provided for the expansion of an enterprise already established in Brunei.

P. 33, para. 6

Brunei continues to use **extensive tax and other incentives** to encourage investment in priority sectors and production for export. In the absence of personal and value-added taxes, the corporate tax remains a leading instrument of industrial policy, offering **tax exemptions** for up to eight years for companies investing in a broad range of activities under the pioneer status programme; these exemptions are aimed at developing **small- and medium-sized enterprises (SMEs),** which make up nearly 95% of enterprises in Brunei.

P. 56, para. 82

(a) Subsidies

As noted in the previous report, Brunei notified the Secretariat in 1997 that it maintains no subsidies that are notifiable pursuant to Article XVI:1 of GATT 1994, or Article 25 of the Agreement on Subsidies and Countervailing Measures.[54] Subsidies, nevertheless, appear to be provided for […] **water, energy,** and **telecommunications services.** In addition, housing, **education,** and **medical care** are provided free of charge. […].

Pp. 57-58, paras. 86 and 88

(d) Assistance for small- and medium-sized enterprises

As part of its efforts to increase private sector participation in the economy, the Government has continued to encourage the development of **small- and medium-sized enterprises (SMEs),** which make up 98% of enterprises in the country and account for 58% of Brunei's total employment in the private sector. **Financial assistance** for SMEs consists of the Enterprise Facilitation Scheme (EFS), a **financing scheme** developed by the Enterprise Development Centre in the MIPR, and the Micro-credit Financing Scheme (MFS); the EFS and MFS provide maximum **loans** per enterprise of B$1.5 million and B$30,000, respectively. Under the EFS, priority is given to enterprises operating […] as well as operators of **tourism** activities in Brunei. […]. The **loans** are at a favourable rate of interest of 4%, repayable over seven years for EFS projects and four years for MFS loans.

The Government is taking a "proactive" approach to diversifying the country's sources of economic growth and creating opportunities for SMEs. As noted in the previous chapter, the Brunei Economic Development Board (BEDB), formed in 2001, aims to attract FDI and promote joint ventures – targeting US$4.5 billion in new investment and at least 6,000 new permanent jobs by 2008. BEDB has a two-prong strategy: to develop a number of industry clusters, including **tourism, transportation and logistics,** and **financial services;** and to develop a **port** and industrial complex at Pulau Muara Besar […].

[54] WTO document G/SCM/N/1/BRN/1, 18 March 1997.

P. 78, para. 49

(5) SERVICES

(i) Overview

[…] Recognizing the importance of services for economic growth, the Government aims to transform Brunei into a service hub for trade and tourism (SHuTT). The SHuTT programme would **promote trade, travel, business, and communications** in and through Brunei. The programme was intended to further develop Brunei's infrastructure, including upgrading facilities at Brunei **International Airport;** expanding Muara Port, Brunei's **main port**, and increasing capacity in the **telecommunications** services network to increase penetration rates, as well as expanding coverage by the domestic and international postal services.

P. 91, para. 94

Tourism **promotion** is carried out by the Tourism Development Division in the Ministry of Industry and Primary Resources, acting under the advice of the Brunei Tourism Board. The Ministry and the Board intend to develop Brunei as a unique tourism destination in South East Asia while taking into consideration the traditional and cultural values of Brunei and the sustainability of its environment. Tourism planning focuses on the economic and social benefits for Brunei, while preventing an erosion of Brunei's socio-cultural and religious values, and ensuring conservation of the environment. Particular activities that are targeted include niche markets such as eco-tourism, adventure and cultural tourism, theme parks, and cruising targeting mature, well-travelled, tranquillity-seeking visitors from the region and beyond.

16 MADAGASCAR - WT/TPR/S/197/REV.1 (2ND REVIEW, 28 MAY 2008)

Pp. 21-22, para. 41 and Table II.3

(4) INVESTMENT

Under the ordinary law regime, any investment for the establishment of an enterprise is subject to a "capital inflow duty" (*droit sur les apports* – DA), which is determined in the light of the amount of the investment[55], a professional tax[56], miscellaneous duties and charges on the purchase of buildings (by Malagasy companies) or on the long-term rental of buildings (by foreign companies). Enterprises are subject to the company profits tax (IBS), set at 30% with a minimum leviable amount[57]; this rate is set at 45% for foreign companies whose registered offices are not in Madagascar, except where they perform public works contracts. **Microfinance institutions** are granted **fiscal incentives** under the ordinary law regime in order to stimulate the supply of their services (Chapter IV(5)(iv)).[58]

---

[55] The duty (levy charged by the State) amounts to 1% for the first bracket (up to MGA 10 million), 0.5% for the second bracket (between MGA 10 million and MGA 100 million), and 0.1% for the third bracket (amounts in excess of MGA 1,000 million).

[56] According to the authorities, this provision is repealed by the 2008 Finance Law.

[57] Article 01.01.16 of the General Tax Code (2006 edition). The minimum leviable amount is: MGA 100,000, increased by 0.5% of the annual turnover for enterprises in the manufacturing, handicrafts, agriculture, mining, transport, tourism and hotel sectors; MGA 300,000, increased by 0.5% of the annual turnover for other enterprises. The IBS reductions provided for newly established enterprises are no longer available as from fiscal year 2007.

[58] These are exempt from the IBS of 30% and from the minimum flat-rate tax over the first five fiscal years and, in the case of those that are not mutual institutions, an additional 50% reduction on the IBS is applied up to the 10th fiscal year.

Table II.3

Fiscal regulations under the industrial free zone regime, December 2007

	Fiscal regulation
1 – Enterprises	
(a) Company profits tax (IBS)	
- Promotion/exploitation enterprise (EPE)	Exempt for 15 years, thereafter liable to IBS at 10%
- Industrial processing enterprise (EIT)	Exempt for 5 years, thereafter liable to IBS at 10%
- Intensive basic production enterprise (EPIB)	Exempt for 5 years, thereafter liable to IBS at 10%
- **Service enterprise (ES)**	**Exempt for 2 years, thereafter liable to IBS at 10%**
(b) Professional tax	Exempt
2 – Persons	
(a) Taxes on distributed dividends	10% without grace period
(b) Taxes on salaries	Maximum of 35% of the taxable base (for expatriates)
3 – Goods	
(a) Customs duty and import tax	Exempt
(b) Value-added tax	General principle: all VAT payments to be the subject of automatic reimbursement
(c) Export duties and taxes	Exempt
(d) Excise duty	Exempt

Source: Malagasy authorities.

P. 42, para. 48

(i) Incentives

Madagascar's notifications to the WTO indicate that it grants no aid or subsidy that might be inconsistent with its obligations under the Agreement on Subsidies and Countervailing Measures or under the GATT 1994.[59] However, support measures are granted to enterprises approved under the Free Zone regime (Chapter II(4)), […]. **Public services,** such as **electricity** (Chapter IV(3)(iii), **water** (Chapter IV(3)(iv)), **air** and **rail transport** (Chapter IV(5)(i)) and **postal** (Chapter IV(5)(iii)) **services**, also benefit from **State aid,** as does agriculture (Chapter IV(2)(ii)).

P. 73, para. 85

(ii) Tourism

Having identified them as having considerable development potential, the World Bank's IGP project has identified three priority zones for development, including two devoted to **tourism** […]. In 2003, a master plan for tourism in Madagascar, incorporating sustainable management, was adopted. In order to encourage the development of eco-tourism, tourism land reserves have been set up (Isalo is the first, eight others are set up and more are being established).[60] In order to facilitate access to land by foreign investors (Chapter II(4)), the **land is bought by the Ministry in charge of tourism and becomes the subject of an international invitation to tender[61];** investment in this subsector is subject to the ordinary law regime, but foreign promoters may utilize the services of the GUIDE when setting up their businesses (Chapter II(4)). […].

[59] WTO documents G/SCM/N/95/MDG of 16 July 2003 and G/SCM/N/95/MDG/Suppl.1 of 21 October 2004.

[60] Ministry of the Economy, Trade and Industry, "*Madagascar, une île paradisiaque, offre à tous les investisseurs qui veulent entrer dans le tourisme, une grande opportunité*" (Madagascar, a paradise island, offers all investors in tourism a great opportunity) http://www.meci.gov.mg/index.php?option=com_content&task= blogcategory&id=106&Itemid=282 [3 January 2008].

[61] Consulted at: http://www.tourisme.gov.mg/.

17 MAURITIUS - WT/TPR/S/198/REV.1 (3RD REVIEW,)

P. 61, para. 95

(iv) Export subsidies, and duty and tax concessions

In 2001, the Government announced plans to create an **information technology (IT) free-trade zone** (with digital parks across the country) that would offer the latest available technological facilities. It also announced a series of **fiscal incentives,** including a five-year tax holiday. Construction of the Mauritius Cyber City (the Ebene Cyber City) started in 2004, with financial assistance from India; as of early 2006, it had attracted 25 operators. All **ICT companies** (including those in the Ebene Cyber City) continue to enjoy **tax holiday** during the grandfathering period.

Pp. 61-62, paras. 97-98

To be eligible for the Freeport Scheme[62], activities (see Table AIII.2) must be carried out for re-export or export of goods, for the development of the freeport zone, or for the provision of goods and **services** by freeport operators to freeport developers and other freeport operators. However, subject to authorization by the Board of Investment, some exceptions are allowed, including the provision of goods and **services** (of up to 20% of the total value of production) to a person outside the freeport zone. Companies operating in the freeport may be 100% foreign owned. The Mauritius Freeport Authority was merged with the BOI in 2005.

Exporters are also entitled to **duty drawback** on goods imported for the purpose of **processing,** manufacturing or **repair** and then exported; and on goods re-exported in the same state. Customs has also introduced an inward processing scheme for 100% export-oriented enterprises allowing them VAT exemption on imported raw materials inputs.[63]

Pp. 62-63, paras. 103 and 105

(ii) Export promotion and assistance

Enterprise Mauritius was set up in 2005 to help businesses to expand into regional and international markets, and at the same time develop their internal capability to meet the challenges of international competition, with the aim of diversifying Mauritian exports. It is a partnership between the public and private sector with representatives from both groups on the board, and has a limited liability company structure. Its activities focus on promoting exports, supporting enterprise development, and providing competitive intelligence. Its focus is on manufacturing and **non-financial, non-tourism exportable services.** Its services to facilitate exports of Mauritian-made products include provision of country briefs and market intelligence reports, assistance in the development of new products for existing or new markets, conducting market tests of sample products with potential buyers, dealing with issues regarding trade barriers, organizing activities such as trade fairs, buyer/seller meetings, one-to-one meetings in important countries, provision of a web-based marketing and e-Commerce transaction platform, and access to offshore resources for conducting market research.[64] It is **financed by the State.**

The Government has also set up an **SME Partnership Fund** of MUR 200 million to promote the creation, restructuring, and consolidation of SMEs. It aims to, among other things, improve exporters' international connections, through joint development of Mauritius's country brand. It invests in productive sectors, such as industry, **industry supporting services,** agri-industry, **tourism,** Its main goals include moving industries from production-push to a market-driven approach, helping develop sector strategies, and generally improving the business environment.

[62] Freeport facilities were initially established under the Freeport Act 1992, then repealed and enacted again as the Freeport Act 2001, and by the Freeport Act 2004.
[63] MRA, Customs, The Mauritius Customs Magazine, June 2007.
[64] Enterprise Mauritius homepage at http://www.enterprisemauritius.biz.

P. 102, para. 118

(ii) Telecommunications

The ICT Act also provides for the **Universal Service Fund (USF).** Regulations to establish the USF are being finalized. The ICTA worked out an interim payment mechanism, i.e. a special account under its general fund, in September 2003. Currently, universal services consist mainly in sustaining the below-cost access tariffs of the incumbent operator through payment from the special account. However, a more comprehensive procedure is expected to be made effective upon the adoption of the USF regulations.

Pp. 106-107, paras. 132-133

(a) Maritime

Mauritius' own merchant fleet is of 75,000 grt (Table IV.14). Ship registration and mortgaging are regulated by the Mauritius Merchant Shipping Act 1986 and the Mauritius Shipping (Amendment) Act 1992.[65] The Minister is empowered to **exempt** any class of ship from any of the requirements laid down under the Act. A new Merchant Shipping Act has been elaborated, and introduced in the National Assembly. Its main declared objectives are to ensure that shipping operations and practices are conducted according to international safety norms to enhance maritime safety and security, to protect conditions of engagement, employment, work and living on board, and to safeguard interests of ship owners, operators, passengers, and cargo. […].

Several fiscal exemptions are granted under the marine legislation. Vessels registered in Mauritius are **exempt from tax on freight earnings.** The personnel working on board a Mauritian flag ship is **exempted from income tax**, and the requirement of a work permit for foreigners is waived. Ships' stores, consumables, spare parts, and bunkers are **exempted from customs and excise duties. No capital gains tax** is payable upon the sale or transfer of a ship or of the shares in a shipping company, and no estate duty is payable up on inheritance of shares in a shipping company.[66]

Pp. 110-111, paras. 146-148

(iv) Tourism

Mauritius expects tourism to remain a strong growth pillar of its economy […]. Low-impact and high-spending tourism has been further promoted through the "low-density and low-rise" hotel development policy and the priority given to hotel projects of the highest standards (the 4- and 5-star categories). It is to achieve this objective by, *inter alia*, further broadening and diversifying the tourist product portfolio by promoting eco-tourism and cultural tourism, as well as leisure and recreational activities. The Government also intends to develop Mauritius as a **duty-free shopping destination** (Chapter III(ii)). All this is to be accompanied by continuous liberalization of air traffic (including further relaxing its non-charter policy) (section (iii)(b) above). In addition, Cabinet agreed in 2005 to open up inbound tour operator services to foreign investors and promoters. Mauritius also intends to position itself as a potential cruise hub. Currently, a cruise jetty (the first) is being constructed and is expected to be completed by end 2007.[67]

The 2007/08 Budget introduced several measures, including setting up **Events Mauritius Limited,** which will organize special activities to enhance the image of Mauritius as a destination; earmarking MUR 300 million for the Mauritius **Tourism Promotion** Authority (MTPA) (see below); and MUR 35 million for the branding exercise, visibility campaign, investing in the upgrading and

[65] The following are allowed to own and register ships under the Mauritian flag: citizens of Mauritius; companies incorporated in Mauritius and effectively controlled by Mauritian citizens; companies incorporated in Mauritius or abroad, with the approval of the relevant authorities; companies holding a Category 1 Global Business Licence, provided their shipping activities are carried out exclusively outside Mauritius. These persons or companies can also register a foreign ship under the Mauritian flag if the ship is bareboat chartered to them for at least 12 months.

[66] Republic of Mauritius (undated c).

[67] MPA online information, "Strategy & Port Development". Viewed at: http://www.mauport.com/strategy.

rehabilitation of historical sites and infrastructure. All these measures are to be capped by a Tourism Strategy to be developed by March 2008.

Fiscal incentives (duty and tax concessions and rebates) granted to **hotel** promoters during the period under review were revised by the Finance Act 2006, through the abolition of the Hotel Management Services Scheme, and the Hotel Development Scheme (Table AIII.2), as part of government efforts to reform the investment regime (Chapter II(5)). Currently, two incentive schemes benefit the tourism subsector: the Integrated Resort Scheme (IRS)[68], introduced in 2002 to encourage the purchase of luxury villas by non-residents; and the Real Estate Scheme (RES)[69], introduced in 2007, to create opportunities for small landowners to participate in real estate development. The schemes are grouped together under the label of Real Estate Development Schemes (REDS). **Concessionary interest rates on loans for the construction** or upgrading of hotel facilities are offered to SMEs by the Development Bank of Mauritius.

P. 113, para. 160

(v) Professional services

During the period under review the **Scheme to Attract Professionals for Emerging Sectors** (SAPES) was introduced by the Investment Promotion (SAPES) Regulations 2002 with the aim of providing professional services of a high standard to investors. The sectors covered under SAPES included **ICT** and **financial services.** Incentives granted included three-year contracts or permission to set-up an office or practice in Mauritius; three-year work and residence permits to professionals and their spouses; possibility for permanent residence in Mauritius; **exemption from payment of duties and taxes on household and personal effects imported;** and the possibility to acquire an immovable property for personal residence. The authorities considered that the scope of the scheme was too limited, and it was repealed by the Business Facilitation (Miscellaneous Provisions) Act 2006, which allows for freer mobility for foreigners to work and live in Mauritius. SAPES professionals are nevertheless entitled to exercise their rights acquired under the repealed provision.

18 OMAN - WT/TPR/S/201/REV.1 (1ST REVIEW, 5 AUGUST 2008)

P. 37, paras. 67-68

(v) Free zones

Oman has two free zones: the Al Mazuna free zone (AMFZ) inaugurated on 24 November 1999[70], and the Salalah free zone (SFZ) established under Sultani Decree 62/2006.[71] Under the Free Zones Law and its rules and regulations[72], the **incentives** provided include: a lease for 30 years (renewable for another 30 years); 100% foreign ownership; **duty-free imports of all raw materials and capital goods;** no minimum capital investment requirement; **no taxes on profits or dividends for 30 years; no tax on personal income;** minimum Omanization requirement level of 10% instead of the standard level of 35% for industrial projects; and flexible customs procedures. Bonded warehouses may also be used for storage, provided certain customs procedures are fulfilled. According to the authorities, no distinction is made between locally and foreign-owned companies in respect of access to the free zones or bonded warehouses. The

[68] The Scheme was introduced by the Investment Promotion (Integrated Resort Scheme) Regulations 2002, which were replaced in November 2007 by the Investment Promotion (Real Estate Development Scheme) Regulations 2007.

[69] The Investment Promotion (Real Estate Development Scheme) Regulations 2007.

[70] The AMFZ, located about 260 km from the Salalah Port and near the Yemen border, is not very active given its land-locked situation, but it is the most important trade access between Oman and Yemen. The AMFZ is managed by the Public Establishment for Industrial Estates (PEIE), and contains 22 businesses and an exhibition area over 450 ha (Ministry of Commerce and Industry, 2005b).

[71] The SFZ is at the port of Salalah, 18 km south of Salalah city. The SFZ is being developed in various phases over an area of 2,000 ha and, when completed, will have up to 4.4 million twenty foot equivalent unit (TEU) per year capacity. It will provide a mix of industrial, warehousing, logistics, office facilities, retail outlets, resort, and residential space. Operations permitted in the SFZ are: trading, distribution, warehousing, assembling, processing/packaging, logistics, and services (Salalah Free Zone online information. Viewed at: http://www.sfzco.com; and Ministry of Commerce and Industry, 2003).

[72] Sultani Decree No. 56/2002.

relevant customs duties must be paid on sales of products from the free zones on the GCC market (including Oman). **Up to 30% of free-zone production can be sold on the domestic market,** i.e. at least 70% must be exported.

The SFZ issues five types of licences: (i) general **trading licences** allow holders to import, export, distribute, and store all items as provided for by the free zone rules and regulations; (ii) trading licences permit holders to import, export, distribute, and store items specified on the licence; (iii) industrial licences allow holders to import raw materials, carry out the manufacture of specified products, and export the finished product; (iv) **service licences** permit holders to carry out the **services** specified in the licence, within the free zone[73]; and (v) national licences are designed for manufacturing companies with at least 51% GCC ownership or shareholding, and minimum value-added of 40%.[74] […].

P. 38, paras. 69-71

(i) Incentives

Oman offers various investment incentives to national and foreign investors. Their purpose is to encourage investments, in order to promote the country's development objectives, including the regional development programme; and introduce new industries, products, and technologies.[75]

In addition to import duty concessions (section (2)(iv)(d) above), other **general incentives** available, to national and foreign investors include: **exemption from tax on profits** for five years (renewable for another five years); long-term use of land at favourable rates[76]; **subsidized electricity, water, and natural gas** for production[77]; and **soft loans** for up to ten years, with a moratorium period of up to three years, at a **subsidized interest rate.** Both new and expansion projects in manufacturing, agriculture, fisheries, **tourism, education,** and **health** are eligible for soft loans provided by the Oman Development Bank (ODB).

The ODB, 100% government-owned, is Oman's primary financial development institution.[78] It grants **soft loans** to all projects. The loans must not exceed 100% of the paid-up capital of the project if it is located in the Muscat area (except Quriyat), and 130% of the capital if it is outside. In all cases, the maximum loan is RO 1 million, for a period of up to ten years. ODB charges an interest rate of 9% per year (6% is subsidized by the government and 3% is payable by the borrower), with flexible grace periods (of up to two years) and repayment terms (of up to ten years).

P. 63, para. 70

The two state-owned specialized banks, Oman Housing Bank (OHB) and Oman Development Bank (ODB), have been in operation since 1977. OHB provides finance mainly through long-term soft housing loans. ODB is principally engaged in providing loans to development projects in key activities, such as agriculture, fisheries, livestock, **health, tourism,** and traditional industrial

[73] The type of service must conform to the parent company's licence issued by the economic department or municipality of the relevant region in Oman.

[74] National licences allow the holder the same status as a local GCC company inside Oman.

[75] Ministry of Commerce and Industry online information. Viewed at: http://www.brunet.bn/php/kharti/invest1.htm.

[76] Oman offers land in the four industrial estates of Rusayl, Raysut, Sohar, and Nizwa at RO 0.25 per square meter/year for the first five years, and thereafter at RO 0.5 per square meter/year. The land is initially leased for 25 years, renewable up to 99 years on completion of the initial lease period. The maximum size of a plot in the industrial estates is 4,500 square meters. If a bigger area is required, adjoining plots can be leased together (Ministry of Commerce and Industry online information. Viewed at: http://www.brunet.bn/php/kharti/invest2.htm).

[77] Electricity for industrial purposes is charged at RO 0.024 per kWh from May to August, and RO 0.012 per kWh from September to April; water costs RO 0.003 per gallon; and the price of natural gas is RO 0.0205 per cubic meter (Ministry of Commerce and Industry online information. Viewed at: http://www.brunet.bn/php/kharti/invest2.htm).

[78] The ODB was established in April 1997 as a public joint-stock company by merging the Development Bank of Oman (founded in 1979), and Oman Agriculture and Fisheries Bank (founded in 1981). In March 2006, ODB became a *Société Anonyme* through Sultani Decree No. 18/2006 (ODB online information. Viewed at: http://www.odboman.net/history.htm).

craftsmanship. The interest rate on loans and advances charged by ODB is subsidized by the Government (Chapter III (3)(iv) and ((4)(i)).[79] ODB also acts as agent on behalf of the Government in terms of: (i) distribution and collection of public soft loans; (ii) disbursement of amounts from the Agriculture and Fisheries Development Fund; and (iii) disbursement and collection of SANAD Fund loans.[80]

P. 66, para. 83 and p. 68, para. 90

(iii) Telecommunications and postal services

The general policy for the subsector aims to, *inter alia*: expand the provision of telecommunications services to cater for the needs of economic and social development; set up the telecoms **universal service** requirements; encourage investment in the telecommunications industry; introduce competition; and safeguard and develop Oman's interests internationally.[81]

Under Articles 38 and 39 of the Telecommunications Regulatory Act, the [Telecommunication Regulatory Authority (TRA)] is to float an open tender for licensing **universal services requirements** as set up by the MTC, with **subsidies** to the incumbent to be financed by the **Treasury**. If there are no bidders, Omantel will provide the services and have the right to receive subsidies for the related net cost as determined by the Act. In addition, Omantel will continue to provide its existing services, including 200 additional villages without subsidies from the Treasury.[82]

P. 70, para. 100

(a) Maritime transport

According to the authorities, **no special incentives** are granted to the subsector. Maritime transport services may be provided by the private sector (national and foreign). Freight and passenger transport charges are market determined. […].

P. 71, para. 106

(b) Air transport

According to the authorities, **no special incentives** are granted to the subsector. Prices of air transport services are market determined, although some Oman Air routes need the approval by the DGCAA. […].

P. 72, para. 110

(c) Road transport

According to the authorities, **no special incentives** are granted to the subsector. Road transport services may be provided by the private sector (national and foreign). Foreign participation in transport business is limited to a maximum of 70% shares. […] Prices of road transport services are market determined. […].

[79] In 2006, new financial lending limits were introduced allowing ODB to grant soft loans for up to RO 1 million for a single project at an interest rate of 3% per year. The maximum limit on soft loans is RO 3 million to joint-stock companies that have offered 40% of their shares for public subscription.

[80] The SANAD Fund, *inter alia*, supports work seekers (vocational and craftsmen) by establishing individual and family self-employment projects (Ministry of Information online information. Viewed at: http://www.omanet.om/english/misc/omanise2.asp).

[81] Article 3 of Sultani Decree No. 30/2002, 12 March 2002.

[82] The services specified are: to expand telecom services and networks in defined areas according to their geographical location, or number of inhabitants, and to establish public telecom centres, including the installation of public payphones in these areas; to provide maritime telecom services; and to provide telecom services to person with special needs.

P. 73, para. 116

(v) Tourism

The Government is active in the tourism subsector, including **financing** new and expansion projects through **soft loans** (Chapter III(4)(i)). According to the authorities, the Government grants tourism-related **investment incentives** following a feasibility study, and provided the project is in line with the overall vision of the country. Although there is no official taxation system for the subsector, all hotel bills include a 4% tourism tax and a 5% municipality tax.

19 BARBADOS - WT/TPR/S/203/REV.1 (2ND REVIEW, 16 DECEMBER 2008)

P. vii, para. 2

Barbados' applied MFN tariff stands at a relatively high average of 16.2%. This creates an anti-export bias, which Barbados has tried to offset through a wide array of **fiscal and other incentive programmes** targeting the production of both goods and **services.**

P. 14, para. 19

Investors (including foreign) may benefit from a number of **incentives** administered by the Ministry of Finance, Economic Affairs and Energy and the Ministry of **Tourism**, in coordination with Invest Barbados (the BIDC, prior to 2008) (Chapter III(4)(ii)).[83]

P, 22, para. 6

[…] In addition to export-support programmes, producers of goods and **services** may benefit from **tax breaks or other forms of assistance.** Although the direct fiscal cost of such assistance does not appear to be high, reassessing the many incentive programmes in place with a view to their possible rationalization could contribute to greater transparency and efficiency in their use, reduce the distortion of incentives, and help address Barbados' fiscal situation.

P. 42, paras. 95-98

(iv) Duty and tax concessions, including subsidies

The Societies with Restricted Liability programme provides similar incentives as those granted to [international business companies (IBCs)]. The programme has its legal base on the Societies with Restricted Liability (SLR) Act of 1995, which created a hybrid entity, with the features of a company as well as a partnership, to provide **offshore services.** There is a guaranteed concessions period of 30 years. The programme is administered by the International Business Division of the Ministry of Foreign Affairs, Foreign Trade and International Business and the Commissioner of Inland Revenue.

The **subsidies** under SRL programme, **including revenue forgone and income tax credit,** totalled BDS$2.58 million in 2005/06, and (seven companies benefited); the accumulated benefits between 2002/03 and 2005/06 were BDS$33.4 million.

In 2005 Barbados put in place an Export Promotion and Marketing Fund, under the Export Promotion and Marketing Fund Act, 2005-20. The Fund provides financial support in the form of grants to public and private sector entities that export or promote the sale of Barbadian goods and **services** in overseas markets. As at 31 December 2007, grants for a total of BDS$12.9 million (US$6.5 million) had been approved.

Tax and duty concessions are also granted in support of exports of **services** under the **Hotel Aids Act** and other legislation in favour of the tourism industry (Chapter IV(4)(v)). There are no foreign trade zones or free ports in Barbados.

[83] Ministry of Finance, Economic Affairs and Energy online information. Viewed at: http://www.bidc.com/barbados_link.cfm?WebLink=27.

P. 44, para. 113 and pp. 45-46, paras. 116-118

(iii) Incentives and other government assistance

The Government of Barbados administers a number of **incentives schemes,** particularly **tax incentives** and, to a lesser extent, **financial assistance.** Some schemes are destined mainly to exporting industries (Chapter III(3)), but others are targeted also or mainly at domestic companies supplying the domestic or regional markets. Assistance is available to companies in an array of sectors, from agri-food and manufacturing to **tourism** and **financial services.**

Under the Small Business Development Act of 1999, companies whose business is deemed to be of significant socioeconomic benefit to Barbados are entitled to a number of benefits. These include: an **exemption from withholding tax** on dividends and interest earned on investment by small businesses; **exemption from import duty** on plant and equipment imported for use in the business; **exemption from withholding tax** on dividends and interest earned on investment in an approved small business or in any fund approved for investment in small businesses; **exemption from stamp duty**; and a **deduction of corporation tax** of an amount equal to 20% of actual expenditure in respect of the use of technology, market research, and any other activity that is, in the opinion of the Commissioner of Inland Revenue, directly related to the development of the business. Approved small businesses may also receive technical assistance to start, continue or expand operations. Revenue forgone under the Small Business Development Act of 1999 during 2002-06 totalled BDS$1.32 million.

Potential beneficiaries may be active in: agriculture, forestry, and related activities; fishing; manufacturing; **construction;** and a number of **service** activities, including **entertainment, financial services, health care, hotel, restaurants, tourism, personal care services, real estate, transport, storage and communication services, wholesale and retail trade.**

Additionally, an approved small business may apply for loan guarantee cover under the **Credit Guarantee Scheme** through any commercial bank or financial institution with access to the Scheme.[84] The Credit Guarantee Scheme for Small Businesses is sponsored by the Central Bank of Barbados.[85] The scheme is designed to offer protection to commercial banks and other credit institutions approved by the Central Bank against insolvency and other possible losses in respect of the credit granted to small enterprises. […]. During 2002-07, 73 businesses were able to access guarantees totalling BDS$4 million under this scheme.

P. 67, para. 53 and p. 69, para. 62

(ii) Banking and insurance

There are separate regimes for domestic and **exempt (offshore)** companies. At end 2007 there were 30 domestic insurance companies, five of them foreign owned. At end 2007, 459 exempt (offshore) insurance companies were licensed in Barbados of which 164 were active.

Offshore banks are **exempt from various taxes,** including: capital gains taxes and other direct taxes on profits and gains; withholding tax; taxes on dividends, increases on the value of property, and other assets; and transfer of securities. The Act states that income tax may be payable on profits ranging on a sliding scale from 2.5% to 1% with higher profits attracting lower tax rates. Offshore banks are not exempt from payment of service or utility charges, which include charges relating to incorporation, registration or licensing. At the Minister's discretion, offshore banks are eligible for **customs duty exemptions** on equipment or fixtures essential for doing business in Barbados. Exchange controls do not apply to offshore banks.

[84] Beneficiaries must be incorporated under the Companies Act and approved as a small business in accordance with the Small Business Development Act, or meet some eligibility criteria, including: sales not over BD$2 million, and paid capital not over BD$1 million, and be majority Barbadian-owned.

[85] Central Bank of Barbados (2008).

P. 69, paras. 63 and 69

(c) Insurance legal framework

As with banking, separate regimes apply to domestic insurance companies and **exempt (offshore)** insurance companies, with the exception of "qualifying insurance companies" (see below).

Companies licensed under the Exempt Insurance Act are exempt from income tax, withholding taxes, corporate taxes on capital gains, taxes on the transfer of assets or securities, and stamp duty on capital. They are not subject to exchange controls. Companies may underwrite both general and long-term risks under the same licence.[86] All risks and premiums must originate outside Barbados. […].

Pp. 74, para. 98

(b) Maritime transport

Under the Shipping Incentives Act Cap. 90A (as amended by the Shipping (Incentives) (Amendment) Act 2005-5), approved shipping companies are entitled to a number of **tax benefits,** when involved in the operation or leasing of ships for carriage of passengers or cargo, commercial shipping and boating in the tourist industry, the leasing of ships or in shipbuilding, including the reconstruction, alteration, refitting, equipping, maintenance or repair of ships. These benefits include: **duty-free imports** of ships or any articles to be used in reconstruction, etc. of ships and **exemption from tax** on dividends and interest. An approved shipping company is any company that is engaged in shipping activities, or that is wholly owned by the Crown or in which the Government has a majority interest. According to the authorities, the purpose of the Act was to encourage the development of a shipping industry in Barbados, and an indigenous industry for ship repairs.

Pp. 75-76, paras. 103-106

(v) Tourism

The Government of Barbados offers a number of **tax incentives** to the tourism industry. These fall mainly under the legislative framework of the Tourism Development Act Cap. 341 which replaces the Hotels Aid Act (1956), but also under the Special Development Areas Act (see below). Total revenue forgone as a result of these programmes amounted to BDS$16.7 million in 2007 (around US$8.4 million); and BDS$17.3 million in 2006 (US$8.7 million).

The Tourism Development Act Cap 341 (2002) widened the application of tax incentives to include not only **tourist accommodation,** but also **restaurants, recreational facilities, tourism-related services, cultural** and **natural sites,** and **any other tourism project.** These tax incentives include **customs duty exemptions** for the import of building materials and a range of furniture and fixtures.[87] Owners or operators of tourism products are eligible for various **income tax concessions** and are exempted from import duties, VAT and the environmental levy. Investors (persons providing loans, other than commercial banks) are eligible for an investment tax credit to be offset against tax payable. Investors also enjoy exemption from income tax. […]. The authorities note that terms and conditions attached to tax concessions do not include requirements to employ Barbadian nationals.

Under the Special Development Areas Act, developers involved in **constructing, renovating or refurbishing buildings** related to certain tourism activities in specific areas of the country are eligible to be exempt from certain taxes. **Tax exemptions** relate to the payment of import duties, the environmental levy and VAT on inputs for building works. Investors making loans for such projects are also exempt from income tax on the interest received.

---

[86] BIDC (2005).

[87] The list of furniture and fixtures that may be imported duty free is listed in the Second Schedule to the Act.

The Enterprise Growth Fund Limited provides funding for certain **small-scale tourism projects** through the Small Hotels Investment Fund (SHIF), and the Tourism Loan Fund. Through the SHIF, the Small Hotels of Barbados Inc. and its members may apply for **loans** to assist with marketing, management, procurement of joint services and refurbishment. The repayment period is ten years at a 5% interest rate. One-quarter of the initial funding for the SHIF was provided by the Government (BDS$5 million), and the rest was raised by the private sector. Through the Tourism Loan Fund, loans are provided for refurbishing and upgrading hotels of 75 rooms or less and facilities for historical, cultural, and natural heritage attractions. The interest rate is 5.5%. The Government set up this fund with an initial contribution of BDS$30million (US$15 million).[88] The authorities confirm that funding is available equally to citizens, residents, and foreigners.

Pp. 79-80, paras. 126-128 and Table IV.4

Other offshore services

As at end 2007, a total of 3,334 international (offshore) companies were licensed to conduct business from Barbados. […]. As noted by the authorities, these increased numbers can be partly attributed to increased interest in investments into China from U.S. and Canadian investors (see Table IV.4).

Specific legislation applies to each of the various types of offshore company set out in Table IV.4. International Business Companies are governed by the International Business Companies Act, Cap. 77. Exempt (offshore) insurance companies and offshore banks are governed by the Exempt Insurance Act 308A and the International Financial Services Act of 2002, respectively (see section (iii) above). […].

Table IV.4

Offshore companies registered in Barbados, 2002-07

	Total number of International Business Entities *(of which new international registrations/licenses)*					
	2002	**2003**	**2004**	**2005**	**2006**	**2007**
International business companies	1,994 (296)	1,726 (274)	2,137 (297)	2,323 (372)	2,714 (391)	2,488 (506)
Exempt insurance companies	187 (11)	184 (15)	183 (13)	194 (9)	202 (8)	164 (9)
Exempt insurance management companies	31 (3)	27 (1)	24 (1)	30 (3)	31 (1)	24 (1)
Societies with restricted liability	165 (40)	104 (31)	240 (64)	258 (42)	391 (133)	417 (151)
Offshore banks	56 (3)	53 (2)	55 (4)	55 (0)	59 (4)	57 (5)
Foreign sales corporations[a]	829	400	182	170	91	54
International Trusts (registered)	84 (84)	119 (51)	112 (14)	117 (13)	127 (10)	130 (3)
Total entities	**3,346**	**2,613**	**2,933**	**3,147**	**3,615**	**3,334**

a No new licences since 2001, the figures relate to renewed registrations. The authorities expect that the FSC regime will be phased out over time.

Source: Information provided by The Ministry of Foreign Affairs, Foreign Trade and International Business.

International business companies carrying on the business of international manufacturing or international trade and commerce from within Barbados are governed by the International Business Companies Act, Cap. 77. IBCs benefit from a number of **tax benefits,** including a lower rate of corporate income tax, of 2.5% to 1%, with lower rates applying to higher levels of profit; tax concessions for employment of non-resident specially qualified individuals; tax exemption for dividends and other payments, as well as withholding tax; and tax exemptions for the specified transfer of assets. IBCs are not subject to exchange controls. Imports of machinery and equipment are also **exempt from certain taxes and duties.** […].

[88] Enterprise Growth Fund Limited online information. Viewed at: http://egfl.bb.

20 JORDAN - WT/TPR/S/206/REV.1 (1ST REVIEW, 27 JANUARY 2009)

P. 45, para. 100

Under Article 13D, investments in industrial, **commercial,** and **services** projects established in the **free zones** enjoy: (i) exemption from income taxes of the project's profits on goods exported outside the Kingdom, transit trade, and sales or transfers of goods within the free zone; profits from sales of goods on the domestic market are excluded from the exemption; (ii) exemption from income and social services taxes on salaries to non-Jordanian employees; (iii) exemption from customs duties and other taxes and fees (except service and rental charges) for goods imported into or exported from the free zone; (iv) exemption from licensing fees and urban property taxes for construction projects; and (v) exemption from customs duties on goods produced in the free zone and offered for sale in the domestic market: the exemption is limited to the cost of materials and manufacturing expenses, provided this value is approved by the Free Zone Committee.

P. 46, paras. 104, 106 and 108

(a) Aqaba Special Economic Zone

The Aqaba Special Economic Zone was launched in 2001 as a duty-free, low-tax, development zone, to serve as a model for sustainable development and to position Jordan as a leading business hub and **tourism** destination in the region. The zone spreads over 375 square kilometres and Jordan's entire coast line of 27 km. […].

One of the primary strategic goals of the ASEZA is to attract domestic and foreign investment from the private sector. The original objective of attracting US$6 billion by 2020 was accomplished in 2006.[89] The ASEZA Law provides a number of privileges and incentives for companies registered in the economic zone, including: (i) exemption from customs duties, other taxes and duties on imports, and general sales tax or similar taxes; (ii) exemption from social services tax, and land and building taxes; and (iii) flat income tax of 5%, subject to further tax exemptions for capital profits. Banks, financial services companies, (re)insurance companies and land transport companies are subject to applicable national taxes.

The Aqaba Development Corporation was established in 2004 as the investment arm of the ASEZA and is responsible for developing assets, infrastructure, and utilities within the economic zone, including the port of Aqaba and the city's international airport. The backbone of the zone is **services, notably tourism, trade,** and **logistics** services; its industrial base is small. […].

P. 47, paras. 113-115

(4) MEASURES AFFECTING PRODUCTION AND TRADE

Incentives

Under the Investment Promotion Law, Jordan is divided into zones A, B, and C. Investments in zone C, the least developed area, receive the highest level of exemptions from income and social services taxes (75%). All agricultural, **maritime transport,** and **railway** investments are classified as Zone C, irrespective of location. […]. Investments along the shores of the Dead Sea and 5km inland are classified as zone A for the **hotel** subsector, with 25% exemptions. […]. The exemptions may rise to 100% in certain areas, subject to approval by the Council of Ministers.[90] The exemption period is ten years but can be extended.

The following components of investments are **exempt from customs duties, sales tax, and other fees and charges,** with the exception of municipal fees and taxes (Articles 2 and 6): imports of fixed assets (for 3 years)[91]; imports of spare parts up to 15% of the import value of the

[89] Aqaba Special Economic Zone (2007), p. 20.
[90] WTO document WT/ACC/JOR/33, 3 December 1999, paragraph 20.
[91] The exemptions also cover any increase in the value of the fixed assets resulting from price increases, freight charges or changes in exchange rates.

fixed assets (for 10 years); and fixed assets needed for expansion, provided this results in an increase in production of at least 25%.

Projects in the following sectors and sub-sectors are eligible for the exemptions under the Investment and Promotion Law: agriculture; **call centers; conventions and exhibition centers; hospitals; hotels; leisure and recreational compounds;** industry; **maritime transport; railways; pipeline transportation; and distribution services for water, gas, and petroleum derivatives.** Projects in the hotel and hospital subsectors are granted these exemptions once every seven years for purchases of furniture and supplies for renewal purposes (Article 8).

P. 86, para. 121

(b) Postal and courier services

[…]. The main objectives are to maintain the provision of universal postal services but with increased private-sector participation; to reduce the dependence of the Jordan Post Company on government **subsidies;** and to stimulate private-sector investment through progressive market liberalization. […]. The Government does not intend to interfere with the provision and conditions of service outside the universal services area.

P. 87, para. 127

(iii) Transport

(a) Maritime transport

The [Jordan Maritime Authority (JMA)] is also responsible for the registration of vessels flying the Jordanian flag. A number of **incentives** are offered: exemption from income tax for shipping management companies registered in Jordan; 10% reduction on berthing fees, and exemption from anchorage and waiting fees collected by the Port of Aqaba. Under its GATS schedule, Jordan has reserved the right to offer preferential service fees to Jordanian ships for pilotage, berthing, and docking. […].

P. 89, paras. 134 and 138

(b) Road transport

[…] Under a Council of Ministers decision, **incentives** are provided for the modernization of the **road freight transport** fleet, including exemptions from general sales taxes and registration fees for trucks exceeding 20 tonnes.[92] […].

P. 92, para. 153

Investments in the **tourism** industry are eligible for **incentives** under the Investment Promotion Law (Chapter III(4)(i)). For investment projects at Aqaba, the Aqaba Special Economic Zone incentive scheme also applies (Chapter III(3)(v)). Restaurants outside hotels, travel agency and tour operator services, and specialized tourist transportation services are subject to a foreign equity ceiling of 50%, as under the GATS commitments (Table II.3).

P. 94, para. 156

[…] The private sector manages over half of the hospitals in Jordan.[93] Hospitals are eligible for **incentives** under the Investment Promotion Law (Chapter III(4)(i)). The corporate income tax for hospitals is 15%.

[92] Ministry of Transport (2005).
[93] Ministry of Planning and International Cooperation (2007), p. 164.

21 DOMINICAN REPUBLIC - WT/TPR/S/207/REV.1 (3RD REVIEW, 3 MARCH 2009)

Pp. 63-64, paras. 215-216

(iii) Incentives

(b) Support for the development of micro, small- and medium-sized enterprises

The Dominican Republic promotes the development of micro, small- and medium-sized enterprises (MSMEs) through financial support, training and technical assistance. The National Council for the Promotion of and Support to Micro, Small and Medium-Sized Enterprises, belonging to the SEIC, is responsible for drafting and coordinating policy in this area and administers the PROMIPYME, one of the major programmes supporting small enterprises. The PROMIPYME provides comprehensive support, both financial and non-financial; its services include commercial loans for working capital, for building and extending buildings and for purchasing machinery, equipment and vehicles for the business. It also offers technical assistance, management training and consultancy services to companies.

PROMIPYME loans are given to industrial, agro-industrial, commercial and **services** enterprises. The maximum amount of credit is RD$3 million (US$88,235); the terms range from 6 to 60 months, and the annual interest rates are 8% for industry and agro-industry, 12% for the business sector and 13.5% for services.[94] […]. The authorities have explained that the PROMIPYME's interest rates are **subsidized** by the Government with the aim of reviving the MSME sector […].

P. 65, para. 222

(b) Other support and instruments

The Tourism Development (Law No. 158-01 of 2001) and amendments thereto (Law No. 184-02 of November 2002) are intended to promote the development of **tourism** in priority regions (see Chapter IV(5)(vii)). According to a study by the Dominican authorities, the fiscal cost of implementing the Tourism Development Law is estimated to be RD$1.066 billion (US$31.4 million)[95] […].

P. 91, para. 78

(ii) Telecommunications

(b) Legal and institutional framework

INDOTEL is also responsible for administering the *Fondo de Desarrollo de las Telecommunicaciones* – FDT (Telecommunications Development Fund), which was set up to finance **telecommunications projects in low-income areas** with funds from the CDT. In 2007, FDT resources amounted to RD$759 million (about US$23 million).

Pp. 103-104, paras. 150, 155 and 157

(vii) Tourism

Tourism performs a vital function in generating jobs and hard currency and attracting foreign investment. […]. Investors in certain **tourism** projects are given various **tax incentives** such as exemption from import taxes and income tax and must employ Dominican professionals. The cost of these incentives to the Treasury will amount to RD$1,066 million (some US$32.2 million) in 2008.

[94] Information viewed on line 28 March 2008 at: http://www.promipyme.gov.do.
[95] *Idem*.

Law No. 158-01 offers **tax incentives** to investors in **tourism** projects located in "low-growth areas" (*polos de escaso desarrollo*) and "new poles in high-potential provinces and localities".[96] The Law provides for exemption from duties and other taxes resulting from the importation of products needed to launch a project and various other national and municipal taxes, such as those relating to the constitution of company capital and capital increases, the transfer of property rights, and construction.[97] It also establishes exemption from income tax and allows companies engaged in activities other than tourism to deduct their investment in a tourism project from their net taxable income.[98]

The Ministry of Finance estimates that the value of **tax concessions** granted to the tourism sector will amount to RD$1,066 million (about US$32.2 million) in 2008.[99]

22 SWITZERLAND AND LIECHTENSTEIN - WT/TPR/S/208/REV.1 (5TH AND 3RD REVIEW, 12 MARCH 2009)

22.1 Switzerland

P. 36, para. 65

(5) INVESTMENT REGIME

Cantons may grant tax breaks (including full tax holidays) for a maximum of ten years to newly created enterprises.[100] In addition, the Swiss Confederation may grant tax breaks for the federal corporate income tax[101], to industrial enterprises, or those providing **services** to them, that create or redirect employment; and to projects that meet the criteria established under the law for regional economy. In general, the length and extent of the federal tax breaks are directly linked to and dependent on the cantonal ones. Many cantons also offer incentives for investment financing such as guarantees; interest subsidies; loans at reduced interest rates or even interest-free loans; one-time contributions; and incentives for the purchase of land and premises (e.g. favourable conditions; cost contributions for the planning and development of land; and cost contributions for reuse of premises).[102] Different subsidy programmes for businesses are also available (Chapter III(4)(i)).

Pp. 70, para. 128

(i) Incentives and other assistance

[…] In 2006, contributions to the old-age insurance, the disability insurance, health and social assistance accounted for 45% of total federal subsidies of Sw F 30 billion, followed by **transport** (18%), **research and development** (15%), and agriculture (12%). […].

P. 73, paras. 135-136

(i) Incentives and other assistance

Swiss Post receives an annual subsidy for the delivery of newspapers with subscription. The annual subsidy was reduced from Sw F 80 million and fixed at Sw F 30 million in January 2008.

Government-financed or subsidized **research and development** programmes are also open to foreign companies with operations in Switzerland.

---

[96] Law No. 158-01 of 9 October 2001 establishing the Law on the promotion of tourism development for low-growth areas and new poles in high potential provinces and localities and creating the Official Tourism Promotion Fund.

[97] *Ibid.*, Article 4.

[98] Article 6, paragraph II.

[99] Ministry of Finance (2007).

[100] Article 23 of RS 642.14.

[101] Article 12 of the Federal Law on regional policy of 6 October 2006, that entered in force on 1 January 2008.

[102] Osec (2008).

P. 112, para. 87

(a) Banking and fund management services

The 24 cantonal banks, which are fully or partly owned by the cantons, concentrate on credit, deposit business, and mortgages in their local areas[103]; they account for over 30% of domestic banking business; 21 cantons **guarantee** their **bank's liabilities.** In addition, cantonal banks benefit from **preferential treatment regarding** capital requirements and **taxation.** However, these special rules have been under examination for a number of years with a view to eventually abolishing them. […].

P. 124, para. 139

(iv) Postal services

[…] Swiss Post receives an annual subsidy from the Federal Government for the delivery of newspapers with subscription; the subsidy was reduced from Sw F 80 million to Sw F 30 million in January 2008. […].

Pp. 127-128, paras. 158-159

(v) Transport

(b) Overland transport

Reform of the Swiss rail system is to be achieved in two steps. […]. The second phase of rail reform, for which legislation is currently under preparation, is aimed at increasing interoperability with railway systems of neighbouring countries and reforming **financial support** for the **railway system.**

The Swiss Federal Railways (SBB) is a joint-stock company fully owned by the Confederation; it remains under the supervision of the Federal Council. SBB holds exclusive rights over long-distance passenger services. In exchange for this privilege, it is assigned specified basic tasks by the Federal Council, in particular a regular supply of basic rail transport services throughout the country. The Swiss Confederation and cantons also provide **financial assistance** to rail transport suppliers for services ordered by the public authorities. The Confederation's total **financial support** amounted to Sw F 2.9 billion in 2007, of which Sw F 1.7 billion was paid to SBB. […].

P. 129, para. 165

(vi) Tourism

Switzerland Tourism, a public corporation, is in charge of marketing and promotional activities; its annual budget is some Sw F 73 million of which Sw F 46 million comes from the **federal budget.** Innotour is a programme of the State Secretariat for Economic Affairs to improve the quality of and promote innovation in Switzerland's tourism subsector. Between 2003 and 2007, Sw F 28 million were spent on a total of 60 projects in areas such as quality management and reservation systems. The Swiss Society for Hotel Credit (Société suisse de crédit hôtelier), a state-owned corporation, provides **subprime loans** to small- and medium-sized companies investing in tourist areas.

[103] Each canton, except for Solothurn and Appenzell Ausserrhoden, has its own cantonal bank.

22.2 Liechtenstein

P. 73, para. 138

(i) Incentives and other assistance

In Liechtenstein, 80% (Sw F 15 million) of **public transportation** costs are financed with public funds. Support is also granted to Liechtenstein Tourismus, a state institution in charge of promoting **tourism** […].

P. 128, para. 162

(v) Transport

(b) Overland transport

[…] **Public transport** throughout the country is offered by privately owned Liechtenstein Busanstalt, which receives subsidies for its services. […].

P. 129, para. 168

(vi) Tourism

[…] Liechtenstein Tourismus, a state institution established by the Tourism Law of 2000, is the main promotional agency responsible for marketing **tourism** in Liechtenstein. It is financed by **annual public support** of Sw F 750,000 and revenue derived from the accommodation tax (Sw F 3 per night per person). Certain promotional activities are coordinated with Switzerland. Tourism activities are also marketed by local tourism initiatives and the municipalities.

23 MOZAMBIQUE - WT/TPR/S/209/REV.1 (2ND REVIEW, 30 JUNE 2009)

Pp. 23-24, para. 44 and Table II.2

(iii) Investment incentives[104]

The Code of Fiscal Benefits offers national and foreign investors the same set of generic incentives, including: **customs duty exemptions; tax credits;** and accelerated depreciation for new immovable assets (Table II.2). Additional benefits are available to investments in agriculture, **tourism,** and large-scale projects (at least US$500 million), and subject to the creation of employment, in Rapid Development Zones (ZRDs), and IFZs (Chapter III(3)(vi)).

[104] Decree No. 16/2002 of 27 June 2002.

Table II.2

Investment incentives[a], 2008

Sector	Type of incentive
Available to all approved investment projects:	
	Exemption from payment of import duties on equipment included in class "K" of the Customs Tariff Schedule, but only when the goods to be imported are either not produced within the territory of Mozambique or, if produced, do not satisfy the specific purpose or operational characteristics required or inherent in the nature of the project and particular activity to be developed and carried out; Investment tax credit equal to 5% of the total investment realized (exceptions apply, e.g. passenger vehicles), for five years; Tax credit for the professional training of Mozambican workers, up to a maximum of 5% of taxable income, for the first five years of operation; Accelerated depreciation for new immovable assets; Tax deductible expenditure, 100% in Maputo and 150% in the provinces, for the construction and rehabilitation of roads, railways, airports, mail delivery, telecommunications, water supply, electric energy, schools, hospitals, and other works, for 10 years; Exemption from stamp tax for the alteration of the share capital and the articles of association, for the first five years of operation; Reduction of 50% in the rate of the real property transfer tax (SISA) for acquisition of immovable property used in industry, agri-industry and hotel industry, provided the property is acquired within the first three years from the date of authorization of the investment
Additional benefits to approved investment projects in:	
Advanced technology	Tax credit for investment in advanced technology equal to 15% of total income, for five fiscal years; Tax credit for the professional training of Mozambican workers, up to a maximum of 10% of taxable income, for the first five years of operation
Agriculture	Until 2012, an 80% reduction in the tax rate applicable to profits from agricultural ventures
Hotels and tourism	Investment tax credit equal to 8% of the total investment realized, for five tax years (including passenger vehicles)
Large-scale investment projects (> US$500 million or investments in public domain infrastructure carried out under the regime of a concession)[b]	Generally available benefits for 10 years, plus: **Investment tax credit** of 5-10% of the total investment realized (with exceptions, e.g. passenger vehicles), rising to 10-15% if located in Gaza, Sofala, Manica, Tete, Zambézia and Nampula Provinces, and to 15-30% if located in Cabo Delgado, Inhambane and Niassa Province
Rapid Development Zones[c]	Investment tax credit of 20% of the total investment realized (with exceptions, e.g. passenger vehicles), for the first five years of operation; Exemption from the real property transfer tax (SISA) for acquisition of immovable property used in industry, agri-industry and **hotel** industry, provided the property is acquired within the first three years from the date the investment was authorized

a Industrial Free Zones are separately regulated (Chapter III(3)(vi), as well as mining and petroleum (Chapter IV(3)).

b Investments in agriculture, aquaculture, livestock agriculture and forestry; agro-industry; manufacturing; construction of railway, road, port and airport infrastructure and related equipment; **tourism activities.** The project must create at least 500 jobs or induce the creation of at least 1,000 jobs within three years, and must contribute to the reduction of regional imbalances by choice of location. Large-scale investment project benefits cannot be cumulated with the additional benefits for approved investment projects in advanced technology, agriculture or in hotels and tourism.

c Zambezi Valley, Niassa Province, Nacala District, Moçambique Island and Ibo Island. Activities in agriculture, forestry, aquaculture, livestock raising, lumber production; game animal exploitation; water supply; electric energy generation, transmission, and distribution; telecommunications; construction of public utility infrastructure; housing; agricultural infrastructure; hotels; tourism-related infrastructure; infrastructure for commerce; industry; cargo and passenger transport; education; health.

Source: WTO Secretariat, based on the English translation of Decree No. 16/2002 of 27 June 2002. Viewed at: http:// www.mozbusiness.gov.mz/download.php?view.6 [16 June 2008].

P. 43, para. 60

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Incentives

[…] State-owned enterprises supplying fuel (Chapter IV(3)(i)), electricity and water (Chapter IV(3)(ii)), **transportation services** (Chapter IV(5)(iii)), **fixed-line telecommunication and postal services** (Chapter IV(5)(ii)), and **health and educational services,** may also benefit from **state aid,** as does agriculture (Chapter IV(2)(ii)). The authorities finance subsidies from the budget, supported each year by contributions from Mozambique's Program Aid Partners (PAPs); US$774.3 million has been pledged for 2009.[105]

P. 74, para. 82

(iv) Tourism

Investment in tourism is covered by the Investment Code, and **incentives** are provided under the Code of Fiscal Benefits (Chapter II(4)). Tourism activities are regulated under a law adopted in 2004[106], which requires suppliers of different **tourism** products and **services** to be licensed, subject to the payment of fees, and to observe standards of quality, as laid down by the Ministry of Tourism. […].

24 GUATEMALA - WT/TPR/S/210/REV.1 (2ND REVIEW, 20 APRIL 2009)

P. 57, para. 130

(iv) Subsidies and other export concessions

Free zones

The Free Zones Law gives firms situated in a zone the following benefits: exemption from tariffs and VAT on imports; exemption from ISR for a period of five years for trading companies and ten years for industrial and **services** companies and management firms; exemption from VAT on sales between free zones or within them. Exports from free zones to other CACM countries and their respective free-trade zones are exempt from import tariffs and taxes. Up to 50% of the goods produced in free zones may be sold on the domestic market or exported to other CACM countries subject to payment of the corresponding taxes.

P. 58, para. 135

Free Trade and Industrial Zone (ZOLIC)

This programme is covered by Decree No. 22-73 of 21 March 1973 and its purpose is to promote economic development in the Department of Izabal, taking advantage of its geographical situation as Guatemala's only door onto the Atlantic Ocean. Benefits under this regime include exemption from income tax on income derived from activities as an administrator or user in the Free Trade and Industrial Zone (ZOLIC) and exemption from tariffs and VAT on the import of machinery, equipment, spare parts, components and accessories needed for production. The beneficiaries of these incentives are **trading** and/or industrial **firms** operating under this special regime. The programme is for a period of ten years. There is no statistical information on this programme.

P. 88, para. 80

(ii) Telecommunications

The Government has given priority to the dissemination of information technology and telecommunications to rural areas and areas with poor service. The strategy is aimed at

[105] *Africa News*, "Mozambique donor partners pledge U$774.3 in grants". Viewed at: http://www.apanews.net/apa.php?page=print_eng&id_article=64962 [2 October 2008].
[106] Law No. 4/2004 of 17 June 2004 replaced Law No. 14/99 of 1 November 1999.

encouraging the private sector to make available to each municipality at least one broadband Internet access point and to ensure that all rural localities have at least one public telephone. A **fund, FONDETEL, financed from State resources,** has also been established for the purpose of subsidizing the **telephone service in low-income rural or urban areas.** Parties interested in receiving subsidies must submit specific telephony projects to FONDETEL. FONDETEL analyses all investment projects, giving priority to those likely to yield a greater social return.

25 BRAZIL - WT/TPR/S/212/REV.1 (5TH REVIEW, 11 MAY 2009)

Pp. 77-78, paras. 281-282

Funds for financing the north-east, north, and mid-west regions (FNE/FNO/FCO)

The constitutional funds to finance productive activities in the north, north-east and mid-west regions (FNE/FNO/FCO) were created by Law No. 7,827 of 27 September 1989, as amended by Law No. 10,177 of 12 January 2001. Their aim is to contribute to the social and economic development of these regions. […].

The beneficiaries of **loans backed by constitutional fund resources** are producers, companies, and production cooperatives that carry out […] **tourism,** infrastructure, **commerce** and **service sectors** of the north, north-east and mid-west regions. […]. Decree No. 6,367, of 30 January 2008 fixes annual interest rates at 5% to 8.5% for rural operations, and 6.75% to 10% for other agri-industry, industrial operations, infrastructure, **tourism, commerce, and services.**[107] These rates may be subject to a reduction of 15% for payments until the due date, or 25% if the beneficiary operates in the north east semi-arid area.

P. 81, para. 300

(d) Other credit schemes

The BNDES also maintains a number of schemes that facilitate access to credit at preferential conditions. Operations under these credit lines may be carried out directly by the BNDES, or through accredited financial institutions. […]. Other eligible projects: implementation, expansion, and modernization of fixed assets; **offering or development of services for export;** foreign **commercialization** of eligible goods; […].

P. 131, para. 184

(iii) Telecommunications

(b) Regulatory framework

Telecom operators under a concession (the public regime) are mandated to provide universal and continuous services.[108] […]. The Universal Telecommunications Services Fund (FUST) was established to complement universalization efforts; FUST is **funded, *inter alia*, by the federal budget** and compulsory contributions by the operators. The Fund reached some R$6 billion (US$3.3 billion) at the beginning of 2008.

P. 137, para. 222

The domestic **shipping** industry also benefits from **other incentives.** Under Provisional Measure No. 2,158-35 of 24 August 2001, EBNs' Freight receipts from the international transportation of merchandise in ships registered in the REB are exempt from the PIS and COFINS taxes. The **construction, maintenance, repair, and modernization of REB-registered ships** in Brazilian shipyards benefit from the same fiscal treatment granted to exports of industrial goods in general (e.g. reimbursement of domestic indirect taxes).

[107] Ministry of Integration online information. Viewed at: http://www.integracao.gov.br/fundos/fundos_constitucionais/index.asp.

[108] Law No. 9,472 of 16 July 1997 (LGT).

26 FIJI - WT/TPR/S/213/REV.1 (2ND REVIEW, 16 JUNE 2009)

P. xi, para. 29

Other extensive tax incentives, also of dubious economic merit, are intended to encourage investment, often targeting priority sectors (e.g. **tourism and audiovisual industry)**, and are sometimes subject to minimum local-content or export requirements. These, including widespread generous tax holidays, were recently extended, and a new tourism package will replace the scheme that terminates at the end of 2008. […].

P. xiv, para. 40

[…] The **IT and audiovisual sectors** receive substantial tax concessions, to be increased from 2009. […].

P. 12, para. 21

(ii) Privatization and reform of state-owned enterprises

State-owned enterprises (SOEs) conduct many business activities, e.g. sugar production, ship building, **shipping,** forestry, **banking, insurance and finance,** power generation, **sea ports, air transport,** rice milling, cattle raising, crop production and aquaculture, **telecommunications and newspapers** (Chapter III(4)(viii)). […]. **Government support** to SOEs via loans, standing debt guarantees, **equity injections,** and *ad hoc* explicit and timely guarantees on individual debt instruments entail substantial government contingent liabilities.

P. 41, para. 51

(iii) Incentives

All exporters, including of **services,** receive generous income tax exemptions intended to encourage investment.[109] […]. Registered foreign (and domestic) investors must apply to the Fiji Islands Customs and Revenue Authority (FIRCA) for duty and tax concessions, including for **tourist-related** benefits under the Hotels Aid Act (previously administered by the Ministry of Tourism). […]. The FTIB promotes the Kalabu ICT Park for establishing back-office operations by providing a ten-year tax holiday to firms setting up **software development** business processing operations.

P. 72, paras. 85-86

(ii) Investment incentives

Generous investment incentives apply by way of income tax concessions (Sixth Schedule of the Income Tax Act) (Table AIII.1). Incentives are seen as an integral part of Fiji's industrial policy of increasing investment and exports, and seemingly deliver substantial assistance. Many incentives were part of the Government's Investment Incentives package introduced in 2001. Some apply more generally to businesses while more generous incentives target activities or sectors. For example, the Fiji Islands Audiovisual Commission (FIAVC), formed in 2002 to develop the **audiovisual** industry (FIAVC Act 2002), administers tax incentives. The **ICT/IT industries** also receive general incentives from January 2006 until end-2012. […].

[…] Moreover, the 2009 Budget extended such incentives, including: a new **tourism** incentive package including 10-year tax holidays (extendable to 20 years if Fijian indigenous participation is at least 25%) to replace the previous scheme that expired at end 2008; […].

[109] However, a foreign investor survey showed some 75% of investment projects catered for the domestic market (FIAS, 2005a, p. 20).

P. 73, para. 89

(iii) Other forms of production assistance

[…] Investors in new **hotels,** including renovations and refurbishment of existing hotels, may elect to receive a subsidy of 7% of the project's total capital expenditure (excluding cost of land) in lieu of the 55% investment allowance (Hotels Aid Act). […].

P. 81, para. 118

(viii) State-owned entities and privatization

Government supports SOEs via loans, standing debt guarantees (e.g. activated by Fiji Sugar Corporation in 2001), equity injections (e.g. Amalgamated **Telecom** Holdings in 2000), and ad hoc explicit and timely guarantees on individual debt instruments. Fiji Development Bank borrowings are government guaranteed. Government contingent liabilities from SOE guarantees rose to F$3.3 billion at end 2007 (56% of GDP), mainly relating to […] Fiji **Maritime and Ports Authority** (F$41.4 million); and […].

Pp. 85-86, paras. 7-8

IV. TRADE POLICIES BY SECTOR

(1) INTRODUCTION

[…] A 21.9% subsidy was recently introduced for **bus operators** from July to end 2008. Non-profitable [**sea shipping**] routes are serviced by government subsidies paid to tendered private operators. […].

[…] **Tourism,** which is suffering from political developments, benefits from generous taxation concessions; a new tourism incentives package was announced in the 2009 Budget, again involving substantial investment allowances and tax holidays.

P. 113, para. 98

(v) Transport

(a) Road

[…] In lieu of increased bus fares in light of rising fuel costs, the Government introduced a 21,9% subsidy to **bus operators** from July to end 2008. They also benefit from long-standing concessions and rebates, including an F$0.18 cents per litre fuel concession and tariff/tax concessions on new chassis/engines and identifiable fixtures and components.[110] The revenue forgone from these concessions/rebates totalled F$2.6 million from January to May 2008. […].

P. 114, para. 101

(b) Maritime transport

[…] A **Shipping** Franchise **Subsidy Scheme,** introduced in 2003, provides regular and reliable shipping services on non-viable routes […]. The services are provided by the Fiji Shipping Corporation Ltd by contracting out to commercial operators. […].

[110] Fiji Government, Press Release, *Government to provide subsidy to bus operators*, 3 July 2008. The concessions/rebates provided by Government to the bus industry amounted to F$2.6 million for the period January to May 2008.

P. 116, para. 106

(c) Air transport

[…] In 2004, Government approved air **subsidies to airlines** operating on identified uneconomical routes; the subsidy was based on an open one-year tender to all licensed air operators in Fiji. The amount of the subsidy was some F$0.3 million in 2007. Eight uneconomical routes are subsidized (Vanuabalavu, Cicia, Moala, Koro, Gau, Lakeba, Ono-i-Lau, and Rotuma).

Pp. 117-118, para. 114

(vi) Tourism

Tourism has benefited from generous taxation concessions, with the SLIP package extended until end-2008 to be replaced from 2009 with a possibly more generous scheme, also including tax holidays, announced in the 2009 Budget (Chapter III).[111] Current arrangements comprise standard allowances and a hotel incentives package. Standard allowances cover a 55% investment allowance on total capital expenditure provided revenue is not shifted offshore; a 150% tax deduction on expenditure for environmental protection and community support; and a 125% tax deduction on expenditure to upgrade public infrastructure e.g. roads, sewage systems and water supplies. The hotel incentive package consists of a seven-year tax holiday for capital investments of at least F$10 million and import duty exemptions on all capital goods, including plant, machinery and equipment, used in the investment project. The incentives to apply from 2009 consist of two parts: a Standard Allowance, which provides for an investment allowance of 55% on total capital expenditure (provided no revenues are shifted offshore); and a Hotel Incentive package, which grants a ten-year tax holiday on projects of at least F$7 million, as well as import duty exemption on all capital goods not available in Fiji.[112] Increased hotel and gambling turnover taxes apply (Chapter III). The industry is also assisted by a number of customs incentives e.g. 10% tariff on building materials, furniture, and fittings, and no import excise tax.

Appendix Tables, pp. 135-137, Table AIII.1

Table AIII.1

Main investment incentives, November 2008

Sector	Details
A. Tariff and other concessions	
Tourist-related activities	Facilities subject to Short Life Investment package (SLIP) may import plant and machinery (excluding furniture and motor vehicles) exempt from all duties until end-2008. To be replaced by 2009 Hotel Incentive Package (announced in 2009 Budget) that will allow all capital goods (including capital equipment, plant and machinery) not available in Fiji to be imported duty free. Concessionary tariffs apply under Code 235 (Customs Tariff Act) of 10% on building materials, furnishing and fittings, equipment including front office equipment, room amenities, kitchen and dining room, and equipment and utensils (in 2007 concessions only applied if goods unavailable domestically); of 3% for specialized boats and vessels including water sports equipment unavailable locally; and of 5% on heavy plant and machinery for developing resorts if re-exported after completion.
[…]	

[111] FIRCA had estimated that the tax incentives for tourism had cost F$93 million in revenue forgone from 1998-03 (FRC, 2004).

[112] The 13-year tax holiday provided for investments in the newly established Tax Free Region will be increased to 20 years on hotel developments with at least 25% equity by indigenous Fijian land owners.

Sector	Details
B. Investment allowance	
Agricultural, forestry, marine, rural manufacturing and **information technology**	Businesses may claim a 40% investment allowance on capital asset purchased (excluding land, buildings, passenger cars and trading stock) above F$50,000 annually. It began in 2001 and was extended from end 2005 to end 2008. Eligible taxpayers include […] **information technology (IT) businesses, including call centres** (ticketing, ordering and reservation services), **database records and list management, data entry and processing, website development and management, software programming and design, tele-medicine, and internet services provision** (retailing and wholesaling of IT products, and the sale, care, repair or service of any item are excluded). Extended until 2011 (2009 Budget).
Tourism-related businesses	Tourism-related investment receive a 55% investment allowance on total capital expenditure in new hotels including renovations, refurbishments and extensions as well as international retiree facilities (Eleventh Schedule, Income Tax Act). It must be claimed within five years of completing the building (any excess can be carried forward for eight years). Extended to 2009 (2009 Budget).
[…]	
C. Income tax holidays and exemptions	
Tourism-related activities	As an alternative to the investment allowance tourist facilities are eligible for a tax holiday of 20 years (full SLIP) or 10 years (half SLIP), introduced in 1996. It covers construction by end 2008 of new hotels, retirement facilities and hospital resorts, with a minimum investment of F$40 million (full SLIP) or F$10-40 million (half SLIP), excluding land. To be replaced in 2009 by 2009 Hotel Incentive Package (announced in 2009 Budget), which includes a ten-year tax holiday for capital investments of at least F$7 million. Hotel developments in Vanua Levu and the maritime islands with minimum 25% Fijian indigenous equity will receive 20-year tax holiday.
Film-making and audiovisual activities	Tax incentives (Sixth Schedule, Income Tax Act) include income tax exemptions for making F1 or F2 audiovisual products, subject to meeting local content and certain minimum local expenditure requirements.[b] Net income from F1 productions (i.e. made "wholly or substantially" in Fiji with "significant" local content is exempt from tax until the taxpayer receives a 60% return on capital (normal tax applies thereafter).[c] Net income from F2 productions (i.e. where the entity has secured distribution in at least two "significant" international markets and a guaranteed minimum investment return is exempt from tax until the taxpayer receives a 50% return on capital (thereafter taxed at normal rates).[d] Licensed audiovisual producers are exempt from tax on income derived from production performed in a studio city zone (an area declared by the Minister for the purpose of developing infrastructure, services and resources for the audiovisual industry and tourist attractions, hotels, residential accommodation, sporting facilities and amusement parks).[e] The Minister also can exempt or reduce the tax rate for certain periods income of "qualifying employees" where considered expedient for developing the film-making industry.[f] Approved individuals deriving income from audiovisual productions, including wages, fees and royalties, are also exempt from tax. Income from sale of a company or business in a studio city business within eight years is taxable at 20% if sold within two years, 15% within four years, 10% within six years, and 2.5% within eight years. Film tax rebate of 15% raised to 35% from 2009 (2009 Budget).
ICT/IT activities	10-year tax holidays apply to companies located in any ICT Economic Free Zones (temporary studio city zones) to develop software or to operate ICT call centres.[g] Two zones have been declared in Suva (ATH located in Riffle Range, Vatuwaqa, and USP in Statham Street Vatuwaqa). The 2007 Budget declared the Kalabo Tax Free Zones an ICT zone to enable ICT businesses to receive a 10-year tax holiday provided they employed at least 50 staff for any six months of the financial year and export at least 60% of sales (operates from January 2007 until end-2016). ICT firms locating outside zones receive income tax exemptions ranging from 80% to 40% depending on employee size.[h] Anomalies on incentives available inside and outside the Kalabu Zone to be rectified from 2009 and tax holiday extended to 13 years (2009 Budget).
[…]	

Sector	Details
Small and micro enterprises (SMEs)	From 2006, SMEs in agriculture […], **tourism** (sea cruise and river tour operators, sea tour operators) and supportive projects are exempt from income tax subject to a maximum annual turnover threshold of F$300,000 (increased from F$200,000 from 2008).
[…]	
D. Special depreciation and deduction provisions	
Tourist-related activities	Facilities subject to SLIP or the investment allowance may claim a special depreciation allowance in each of the fifteen years immediately succeeding the year of expenditure (excluding land).
[…]	
Film-making and audiovisual activities	Capital expenditure on F1 and F2 audiovisual productions are subject to an immediate 150% or 125% income tax deduction, respectively. Immediate deduction of 200% for contributions to the Fiji International Film Festival being held in 2010 (2009 Budget).
[…]	
E. Other	
Tourist-related businesses	Facilities subject to the SLIP or the investment allowance may carry forward losses for up to 13 years but only against income from that hotel business (standard carry forward of losses is eight years).
Film-making and audiovisual activities	As an alternative to other tax incentives, audiovisual producers are entitled to a 15% tax credit or rebate on qualifying production expenditure (as under Division 4) incurred in Fiji. Since January 2004, the requirement was minimum spending in Fiji of F$250,000 (F$50,000 before 2004). If the qualifying Fiji expenditure on the film exceeds F$25 million the maximum allowable tax rebate is F$3.75 million. The claimant of the rebate must have been the sole company either carrying out or making the arrangements for carrying out all the activities necessary for making the film. If the total qualifying production expenditure was below F$25 million then the company's total qualifying Fiji production expenditure must be at least 35% of the firm's total production expenditure on the film.[i] Fiji residents that do not hold a Fijian broadcasting license in radio or television or non-residents are eligible.
[…]	

a "Substantial transformation" means resulting in the good produced having a different HS classification than the raw materials; it excludes repackaging, rebottling and timber logging.

b Production activities explicitly include computer software as well as interactive websites and other e-commerce and telecommunications operations for use solely in relation to eligible audiovisual products. The development of e-commerce websites and e-commerce businesses used solely for audiovisual activities are deemed to be audiovisual products.

c For an audiovisual production that commenced between 2001 and end-2006, the minimum share of the project's budget to be spent in Fiji was 35% for large format or feature movies and broadcast television programmes; 45% for direct to video programmes or video disc programmes; and 50% for audio recordings or computer programs. These shares were increased for project's commencing from 2007 until end-2010 to 55%, 75% and 80%, respectively. From 2011 these shares will be reduced to 65%, 85% and 80%, respectively.

d Guaranteed minimum level of return from international distribution must be from 2001 to end-2006 5% for large format films; 15% for feature films; 20% for broadcast television programmes; 25% for direct to video programmes or video disk programmes; and 15% for an audio recording or computer programs. From 2007 until end-2008 the rates were increased to 25%, 35%, 40%, 45% and 30%, respectively, and from 2009 a uniform minimum rate of 45% is to apply to all audiovisual productions. Also, to be eligible, the minimum share of the budget to be spent in Fiji must be 35% for large format and feature films or broadcast television programmes, 40% for direct to video programmes or video disk programmes, and 45% for audio recordings or computer programs for investment between 2001 and end 2006; 45%, 55% and 60%, respectively, for investment from 2007 until end-2010; and 55%, 65% and 65%, respectively, for investment from 2011.

e To be eligible, Fiji citizens and non-citizens must earn audiovisual earnings pre-tax of F$100,000 in the year of assessment and hold assets in the zone in that year of at least F$250,000 (including land). A non-citizen must be resident in the zone for at least 60 days in the assessment year and maintain a permanent place of residence in the zone. Citizens must be a resident in the zone for at least 183 days in the assessment year, or 60 days if they derive at least 80% of audio visual earnings from outside Fiji, and maintain a permanent place of residence in the zone.

f Non-resident employees of a film company that are in Fiji under contract to make a film.

g ICT businesses include call centres (ticketing, ordering and reservation services), data base records and list management, data entry and processing, web site development and management, software programming

and design, tele-medicine services, internet services but not the retailing and wholesaling of IC products and the sale, care, repair or service of any item.
h Firms employing at least 101 employees receive an exemption of 80% of their income, employing at least 60 to 100 60%, and from 10 to 59 employees 40%.
i Where the firm's total qualifying expenditure on the film was at least F$25 million, the company must have carried out or arranged to be carried out all the activities in the Fiji Islands that were necessary to make the film.

Notes: Includes measures announced in the 2009 Budget, which are generally scheduled to operate from 2009.

Source: Ministry of Finance and National Planning (2008), *Economic and Fiscal Update: Supplement to the 2009 Budget Address*, November, pp. 111-5. Viewed at: http://www.mfnp.gov.fj/Documents/2009_Budget_Supplement.pdf, and information supplied by the Fijian authorities.

27 SOLOMON ISLANDS - WT/TPR/S/215/REV.1 (2ND REVIEW, 24 JUNE 2009)

Pp. 40-41, paras. 106, 109 and 114

(iii) Incentives

A wide range of tax exemptions are available to businesses. Under authorizing legislation, the authorities have wide discretion in granting exemptions, but guidelines issued in 2006 seek to reduce that discretion. Some income tax exemptions are granted on the basis of domestic-value-added criteria; others are available for specific activities, including **hotels** and agricultural and fisheries firms. [...].

Under the Income Tax Act, firms may apply for additional income tax exemptions, including a 200% deduction of training and education expenses, and a 150% deduction of domestic transport costs. Also, **tourist hotels, resorts, and related projects** are eligible for a five-year income tax exemption. [...].

Solomon Islands Government provides ad hoc assistance to state-owned enterprises, for example through preferential loans, loan guarantees, and tax exemptions.[113] In general, the purpose is to provide relief to enterprises in financial difficulty.

P. 64, para. 97

(iv) Maritime transport and ports

Maritime transport is key for Solomon Islands' international and domestic trade. [...] Solomon Islands subsidizes certain domestic routes, considering that they cannot be operated on a commercial basis but are essential for social and economic reasons. [...].

P. 65, para. 107

Solomon Islands does not regulate tariffs for international or domestic **maritime transport.** It subsidizes certain domestic maritime transport services, recognizing that many routes are essential for social and economic reasons, but cannot be operated on a commercial basis. The Ministry of Infrastructure Development determines the operators and routes targeted by the subsidy. The amount of the subsidy is the cost of service less the revenue received from passenger and cargo fees. [...].

P. 66, para. 108

(v) Air transport and airports

[...] The State owns the only national airline, which is in a weak financial position partly because it continues to service non-viable domestic routes. The country's only international airport (Honiara International) is owned and managed by the State.

[113] International Finance Corporation and The World Bank Group (2005).

28 NEW ZEALAND - WT/TPR/S/216/REV.1 (4TH REVIEW, 10 JULY 2009)

P. 60, para. 90

(4) OTHER MEASURES AFFECTING PRODUCTION AND TRADE

(c) Tax incentives

New Zealand's tax system has relatively few concessions by international standards as a result of its broad-base-low-rate approach to tax policy. However, in addition to tariff and excise duty concessions (sections (2)(iii)(e) and (4)(ii)(b)) under certain concessionary treatment, the timing of capital expenditure deductions (e.g. for R&D) is accelerated (e.g. in respect of capital equipment used in petroleum and mineral mining, forestry, and **film productions**).

P. 93, para. 71

(b) Maritime transport

In May 2008, the Government announced its strategy for **coastal shipping**, under which it seeks to increase the share of coastal shipping in inter-regional trade to 30% by 2040. As part of the strategy, the Government established a sea freight development unit, in March 2008, which acts as a focal point for the industry. In addition, access to **funding** (NZ$36 million over four years) and information gathering and dissemination is being improved.

P. 95, para. 79

(v) Tourism

Local governments are also active participants in the tourism industry. They **fund** promotional activities, mainly through regional tourism organizations (RTOs) […].

29 MOROCCO - WT/TPR/S/217/REV.1 (4TH REVIEW, 13 AUGUST 2009)

P. 59, paras. 93-94

(iv) Export subsidies, promotion and support

Morocco gives several incentives to enterprises whose activities are **export-oriented.** These include fiscal incentives under the Investment Charter[114], the free export zones (ZFEs) regime and customs regimes (REDs), as well as exchange facilities (i.e. accounts in convertible DH or in foreign currency) and export insurance.

Under the Investment Charter, enterprises exporting either goods or **services** are eligible for total exemption from corporation tax (IS) and income tax (IR) for five years, after which there is a 50% reduction in the IS (for that part of turnover that is exported) and a 20% reduction in IR.[115] […] In general, exports (including export services) are exempt (without any right to deduction) from payment of VAT.

[114] Dahir No. 1-95-213 of 8 November 1995, enacting Framework Law No. 18-95 containing the Investment Charter.

[115] The Investment Charter defines the general framework determining the limits of the incentives that may be granted. For example, enterprises exporting goods or services are eligible for tax incentives that may extend to full exemption from corporation tax (IS) and income tax (IR) for the amount of their turnover that is exported over a period of five years, and then a 50% reduction. For enterprises exporting services, these exemptions and reductions only apply to that part of the turnover exported and paid in foreign currency.

Pp. 59-60, paras. 95-97 and Table III.6

(a) Free export zones

Free export zones (ZFEs) were created by Law No. 19-94 of 26 January 1995. […] At present, there is one ZFE operating in Morocco, situated in Tangiers, the ZFT. Another two are being put established, one in Nador and the other in Tangiers airport. Four more ZFEs are planned in the Tangiers-Mediterranean Special Development Zone; they will deal only with **logistics.**

The ZFT[116] covers 345 hectares and comprises an industrial in-bond zone and a logistical zone. It is operated by the Tangiers Free Zone Company (TFZ), a consortium made up of Moroccan private entities.[117] Companies wishing to set up in this zone must be engaged in at least one of the following sectors: agro-industry; textiles and leather; chemicals and related industries; the metal, engineering, electrical or electronics industries; or in **services** related to the aforementioned activities.[118] In 2008, there were 379 companies in all in the Tangiers ZFE, with a total turnover of over €1 billion and 42,367 employees. At the end of December 2007, the sectoral breakdown of the companies there (353 in all) was as follows: **services (146);** metal, electrical and engineering industries, particularly the automotive and aeronautical industries (90); textiles and leather (78); chemicals and related industries (28) and agro-industry (11).

In order to be eligible for ZFE status, enterprises must export the majority of their production; **services** enterprises working with free zone enterprises are also given ZFE status. […] Goods entering or leaving ZFEs are exempt from all duties and taxes on imports, exports, production, movement or consumption. There are also a certain number of other fiscal measures (Table III.6). The benefits given to these enterprises may not be cumulated with other benefits under different legislative provisions on investment. Likewise, reduced rates of tax may not be cumulated with other tax benefits. Enterprises are free, however, to opt for the most beneficial tax regime.

Table III.6

Fiscal incentives given to free export zones (ZFE)

Tax	**Benefit**
Registration and stamp duty	Exemption for acts relating to the constitution or increase of capital for companies established in ZFEs. Exemption for land purchased to carry out investment projects in ZFEs, provided that it remains the property of the enterprise for 10 years as of the date of approval.
Corporation tax (IS)	Total exemption for the first five years of operation and a rate of 8.75% (instead of the usual rate of 30%) for 20 consecutive years following the fifth year of total exemption.
Income tax (IR)	Total exemption for the first five years of operation and a reduction of 80% on the tax payable for the subsequent 20 years.
Deduction at source for revenue from shares, capital participation and similar earnings.	Exemption for dividends and other similar share revenue when paid to non-residents. Such dividends and revenue are subject to a 7.5% flat rate for the IS or the IR when paid to residents.
Value added tax (VAT)	Exemption with the right to deduction for products delivered and services supplied to ZFEs and coming from the territory where tax is payable.
Professional tax[a]	Exemption from this tax for the 15 years immediately following the start of operations.

a In December 2006, the professional tax replaced the tax on business licences and the urban tax.
Source: Directorate-General of Taxation, *Le dispositif d'incitations fiscales* (The tax incentives scheme). Viewed at: http://www.invest.gov.ma/upload/10f/1003/incitations%20_fiscales_%20Francais_%202007.pdf

[116] The ZFT was created by Decree No. 2-96-511 of 10 November 1997; its rules of procedure were approved by a Ministerial Order of 5 June 2000. It was set up under the priority programme for infrastructure, which also planned another 300-hectare ZFE project in Nador (Decree No. 2-96-512, of 20 November 1997).
[117] These are: BCM, BMCE, SNI, the African Insurance Company, the Royal Moroccan Insurance Company and the Moroccan Inter-Professional Retirement Fund.
[118] Decree No. 2-96-511 of 10 November 1997, creating the Tangiers Free Export Zone.

P. 66, para. 122

(ii) Incentives

Fiscal incentives (including export subsidies) are still granted for agricultural products (Chapter IV(2)). There are also sectoral incentives in the mining sector (Chapter IV(3)(i)), the energy sector (Chapter IV(3)(ii)) and in certain branches of the **services** sector (for example, **tourism** and **transport** (Chapter IV(5)(iii) and (ii)). […].

P. 104, para. 121

(ii) Transport

(a) Road transport

In order to lower transport costs, the Government is continuing to provide **various tax breaks,** such as exemption from VAT on international transport operations and the supply of related services; exemption from VAT on imported coaches, lorries and equipment needed for international road transport activities; exemption from VAT on purchases of coaches, lorries and related capital goods; imposition of a minimum customs tariff (2.5%) on imports of trailers for the transport of textiles and clothing products for export; and refund of VAT on the diesel fuel used by public road transport companies and enterprises engaged in the road transport of goods on their own account.

P. 109, para. 146

(b) Air transport

Since 2005, ONDA has introduced an incentives policy to develop air traffic. These measures will remain in effect until 2012 and include reductions of up to 100% on certain types of airport fees for establishing new routes or increasing flight frequencies. **Tax reductions** (ranging from 5 to 20%) are also granted depending on the number of movements per year on the international network within the context of major account measures. Tax reductions ranging from 2 to 6% are granted depending on the flight volumes handled by each airport, as volume incentives. […].

P. 112-113, para. 160 and Table IV.9

(iii) Tourism

Given the importance of tourism, investors are offered various incentives. Thus, they can take advantage of **tax concessions, State financing, and other benefits** made available by the Investment Charter (Chapter II(5)), the Finance Laws and the Hassan II Fund or by specific provisions (Table IV.9). The measures adopted since Morocco's previous TPR include the establishment of three investment fund management companies: H Partners, a subsidiary of Attijariwafa Bank specializing in capital investment (established in 2005), Madaef belonging to the CDG (established in 2006) and Actif Invest, a subsidiary of the *Banque marocaine du commerce extérieur* - BMCE (Moroccan Foreign Trade Bank) (established in 2004), the latter being Morocco's leading real estate and tourism fund manager. The public and parapublic sectors are expected to contribute to their capital.

Table IV.9

System of incentives for investment in tourism

	Description
Registration fees	Reduction in the fees for establishing tourism companies, with a rate of 0.5%
	Exemption from registration fees for purchase deeds for land to be used for investment projects within a maximum period of 36 months
	Reduced rate of 1% for registration fees for emphyteutic leases on properties to be used for hotels and ancillary buildings
	Reduced registration fees for the sale of businesses
Customs duties	Exemption for investments amounting to DH 20 million or more under agreements concluded with the Government
Corporation tax (IS) and general income tax (IGR)	Total exemption from IS or IGR on the part of the taxable base corresponding to the turnover of hotel companies in foreign currency over a period of five years and a 50% reduction as from the sixth year
	Reduction of 50% in IS for five years for all companies setting up in the following provinces: Larache, Nador, Tangiers, Asilah, and Tétouan, among others
	Reduction of 50% in the IS, without any time limit, for any company setting up in the province of Tangiers, which can be combined with the aforementioned benefits
VAT	Exemption for capital goods, equipment and tools, purchased locally or imported, entered in a capital asset account and used for operating purposes
	Rate reduced to 10% for hotel enterprises, with right to deduction in respect of lodging, restaurant, and hotel and tourist facility letting operations
Business tax and urban tax	Total exemption, for a period of five years, for investment in business creation and for any additional investment or extension
Financing	Partial State participation, through investment agreements, in the expenditure associated with the purchase of the land, the completion of the external infrastructure and professional training for enterprises whose investment programme is very considerable by reason of: the amount (more than DH 200 million), the number of jobs created, the location, the technology or its contribution to the protection of the environment
	Subsidy equal to 50% of the cost of the land (with a ceiling at a maximum of DH 250/m.^{2}) for hotel investors for the purchase of sites for tourist facilities
	Investment credit for building, extension and renovation projects, within the framework of agreements concluded with the banking institutions
	Availability to developers of land for servicing tourist resorts and areas at attractive prices, as well as the total funding or participation in the cost of off-site infrastructure needed to supply drinking water and power or create road links
	Guarantee from the Loan Guarantee Fund for loans intended to finance investment projects initiated by young Moroccan entrepreneurs, acting individually or through companies and cooperatives
	Credit for renovation through the *Fonds de rénovation des unités hôtelières*, "RENOVOTEL" (Hotel Unit Renovation Fund), at a preferential interest rate of 2% per annum (excl. VAT) (with a ceiling fixed by categories of accommodation)
Other benefits	Free convertibility guaranteeing foreign investors total freedom to transfer profits net of tax (capital, capital gains and income)
	Reduction of 100% on dividends and other yields from holdings received by enterprises
	Reduction and exemptions for capital gains and profits made when disposing of or selling fixed assets
	Ceiling of DH 50 million on the basis used to calculate the rental value of taxable investment
	State funding of the off-site infrastructure needed to develop new tourist areas
	Partial State funding of hotel staff training.

Source: WTO (2003), EPC Maroc; and Ministry of Tourism, online information, *Axes stratégiques* (Strategic Outlines). Viewed at: http://www.tourinvest.ma/main.php?Id=15&lang=fr; and information provided by the Moroccan authorities.

P. 122, para. 194

(a) Banking services

Offshore banks benefit from several tax incentives, such as exemption from registration fees and stamp duty on deeds when constituting or increasing capital or purchasing property (headquarters and branches), provided that these remain on their assets balance sheets for ten years. They are also exempt from VAT on the local purchase of capital goods and supplies, and from duties and taxes on imported equipment, furniture and capital goods needed for their operations. Dividends paid to shareholders, as well as interest on customers' deposit accounts and investments in convertible foreign currencies and on loans granted by offshore banks are also exempt from levies. […].

30 GUYANA- WT/TPR/S/218/REV.1 (2ND REVIEW, 10 AUGUST 2009)

P. 45, para. 109

(iv) Incentives and other government assistance

Incentives in Guyana largely take the form of **fiscal incentives** granted under various laws to a relatively large number of activities. The Minister has discretion, subject to the specific provisions of the law, to grant corporate income tax holidays to a wide range of sectors. Because of this, and given Guyana's fragile fiscal situation, it would be useful to estimate the revenue forgone and publish these estimates. Government provision of financial assistance to companies in the form of concessionary loans and grants is limited.

P. 46, para. 113

The 2003 Act, also set limitations on the conditions under which Ministers could grant tax holidays under the Income Tax (In Aid of Industry) Act: corporation tax holidays could only be granted when an activity created new employment in certain regions and represented a new economic activity in specific fields.[119]

31 ZAMBIA - WT/TPR/S/219/REV.1 (3RD REVIEW, 8 OCTOBER 2009)

P. 44, para. 67

(b) Zambia Development Agency (ZDA) Act

Investment incentives based on **tax holidays** were reintroduced in early 2007 for companies operating in **multi-facility economic zones** and a long list of priority sectors. While additional investment is needed, international experience demonstrates that investors give lower priority to tax incentives than to a competitive investment climate characterized by sound economic policies and institutions; political and economic stability; quality infrastructure; a productive workforce; a secure and stable business environment; an efficient and responsive government administration; as well as transparent tax rules and administration.[120] A recent IMF study on the effective tax burden in Zambia did not recommend additional tax incentives […].

[119] Qualifying regions specified in the Fiscal Enactments (Amendment) Act (No. 2, 2003) are: Region 1 (Barima-Waini); Region 8 (Cuyuni-Mazaruni); Region 9 (Upper Takatu-Upper Essequibo); Region 10 (Upper Demerara-Upper Berbice). Qualifying new economic activities are: non-traditional agri-processing (excluding sugar refining, rice milling and chicken farming); **information and communications technology** (excluding retail and distribution); petroleum exploration, extraction, or refining; **tourist hotels or eco-hotels.**

[120] A number of studies have come to this basic conclusion. See Howell et al. (2002). Vito Tanzi and Parthasarathi Shome examined the experiences of East Asian countries including Taiwan, Korea, and Singapore. See Tanzi and Shome (1992). For a similar conclusion for economies in transition see OECD (1995). The Zambian authorities acknowledged that while the IMF and World Bank contend that incentives never work in attracting investment, the majority of countries grant incentives to investors including developed countries.

32 CHILE - WT/TPR/S/220/REV.1 (4TH REVIEW, 5 NOVEMBER 2009)

Pp. 66-67, para. 209

(a) Support for regional development

Tax credits

There are also special tax and tariff incentives for activities in Tierra del Fuego and in Antarctic territory (Law No. 19.149). These are available to mining, manufacturing, **transport,** fishing and **tourism** companies producing goods or **services** that include a minimum of 25%, by value, of local labour and inputs. The concessions, which are planned to remain in force until 2035 (or 2036 in some zones), include exemption from first category income tax, VAT on sales and import duties. There is an additional credit equivalent to 20% of the value of sales made by these companies in the rest of Chile.[121] It is estimated that the cost of tax and tariff incentives under these programmes in 2009 will be Ch$1.18 billion (US$2 million).[122]

P. 67, paras. 210-211

Free zones

Ministry of Finance Decree No. 341 of 1997 establishes two free zones: one in the port of Iquique in the far north of Chile and the other in Punta Arenas in the south. The revised, coordinated and consolidated text of the Decree can be found in DFL No. 2 of the Ministry of Finance, published on 10 August 2001.[123] **Any type of activity** can be carried out in the free zones of Iquique and Punta Arenas, but mining, fishing and **financial services are not eligible** for the concessions offered there.

Management companies and firms setting up in the free zones are exempt from payment of tariffs, VAT and other charges on imports, first category income tax under the Income Tax Law, and payment of VAT on goods and services for all their operations within the zone.

P. 68, para. 216

It is the Ministry of Finance's task to determine the tax regime for the free zones. […]. Activities in the free zones of Iquique and Arica consist of **export processing,** for example, manufacturing, assembling and finishing imported goods, whereas in the Punta Arenas free zone the activities are mainly **commercial.** […]. According to information provided by the authorities, at 31 December 2007, the Arica free zone had 116 users, while the Iquique zone had 1,831. The free zone in Punta Arenas had 58 companies in May 2008.

P. 69, para. 219

Fund for the Promotion and Development of Remote Areas

In order to assist the development of disadvantaged regions in the far north and south of Chile, the *Fondo de Fomento y Desarrollo de las Regiones Extremas* (Fund for the Promotion and Development of Remote Areas)[124] provides financial assistance for **small- and medium-sized enterprises** wishing to invest in these regions. The Fund operates on an annual basis and is approved each year under the Finance Law. It is only available to small- and medium-sized producers of goods and **services** in the **construction,** machinery, equipment, special animal feed and small-scale fishing sectors. The annual amount of individual investment may not exceed 50,000 UF (around US$1.8 million) and the funds provided may not exceed 20% of the investment

---

[121] Law No. 18.392 of 14 January 1985 (amended by Law No. 19.606 of 14 April 1999), and Law No. 19.149 of 6 July 1992 (amended by Law No. 19.270 of 6 December 1993).

[122] Information provided by the Chilean authorities.

[123] DFL No. 2 was the subject of some amendments under Law No. 19.827 of 31 August 2002, Law No. 20.122 of 28 September 2006, and Law No. 20.320 of 31 December 2008.

[124] The Fund was set up in 1980 pursuant to Decree Law No. 3.529 of the Ministry of Finance. Decree No. 15 of 1981 laid down the terms for the Fund and it was amended by Law No. 19.606 of March 1999.

in fixed assets. According to information provided by the Chilean Treasury, in 2008 the Fund paid out Ch$1,049 million (US$1.78 million).

33 MALDIVES - WT/TPR/S/221/REV.1 (2ND REVIEW, 20 APRIL 2009)

P. 7, para. 17

[…] However, some SOEs, such as the electricity and water companies, both of which provide subsidized services, are loss-making enterprises, and are thus a drain on the Government's already limited resources, […].

P. 16, para. 23

(6) FOREIGN INVESTMENT REGIME

All incentives apply equally to foreign and domestic investments and depend on the scale of the investment. For example, investments in excess of US$200,000 are allowed duty-free imports of machinery, capital goods, and construction materials for two years, while investments of less than US$200,000 receive the concessions for a year. […].

P. 28, paras. 51-52

(v) State-owned enterprises

State involvement in the economy is widespread, with some 37 state-owned enterprises operating in various sectors of the economy, including trade, **finance, transport,** fishing, **utilities,** and **tourism** (Table III.3). SOEs account for 36% of GDP.

Certain SOEs operate as statutory or de facto monopolies, while others are **subsidized**, giving them an advantage over the private sector. These advantages include preferential rates and fees for state land, and government guarantees for domestic and external loans. It would appear that most of SOEs are not run efficiently and are incurring losses; therefore, they are a significant drain on the resources of the Government. […]. However, some of the SOEs have been mandated to provide commercially non-viable services in line with government objectives.

P. 38, para. 36

(i) Tourism

Since 2004, 68 islands or lands have been leased out for development.[125] Among these, five resorts are operational, while 19 are expected to become operational in 2010. To encourage faster development, the Government has provided **incentives** such as relief with regard to building completion times, deferment of rent, and deferment of performance bonds.[126] These incentives are applicable to all islands and lands leased since 2005.

[125] Of these, 49 are leased to private parties, 9 are leased to the Maldives Tourism Development Corporation and 10 islands have been allocated to the Airports Investments Maldives.

[126] A performance bond is a surety bond issued by an insurance company or bank to guarantee satisfactory completion of a project by a contractor.

34 SACU - WT/TPR/S/222/REV.1 (3RD REVIEW, 14 DECEMBER 2009)

34.1 Botswana

P. 93, para. 126

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Incentives

[…] Botswana does not provide special tax incentives for companies that export, except **offshore financial services** companies.

Pp. 118-119, para. 248

(a) Telecommunications

Universal services in rural areas are **subsidized**. All operators may tender to supply and operate infrastructure, with a subsidy, in the rural areas under the Rural Telecommunications Programme. A draft Universal Access and Service Policy, which is under consideration, proposes the establishment of a Universal Service Fund.[127] […].

P. 121, para. 261

(a) Road transport

[…] Government subsidies, limited to two return trips per week per customer, are paid on a performance basis to bus operators to encourage operators to provide rural services. […].

Pp. 114-115, para. 227

(a) Banking

The Botswana International Financial Services Centre (IFSC), a subsidiary of the state-owned Botswana Development Corporation, was established in 2003 to develop cross-border financial services. The services must be provided for clients outside Botswana and in foreign currencies.[128] **Incentives** for companies operating within the IFSC include a corporate tax rate of 15% guaranteed until 2020, exemption from domestic capital gains and withholding taxes; tax exemption for collective investment undertakings; and access to Botswana's network of double taxation treaties. […].

34.2 Lesotho

P. 192, para. 204

(iv) Tourism

The development of tourism activities is a key policy objective in Lesotho. […] Some of the main goals are: improving the packaging and presentation of existing attractions; supporting and promoting tourism investment and facilitating small medium and macro enterprises (SMMEs) and

[127] The services are to cover fixed and mobile telephony, internet, data, radio and television broadcasting, and print media.

[128] Offshore financial services include: banking and financing operations transacted in foreign currency; broking and trading of securities denominated in foreign currency; investment advice; management and custodial functions in relation to collective investment schemes; insurance and related activities; registrar and transfer agency services; exploitation of intellectual property; development and supply of computer software for use in the provision of the above services; and accounting and financial administration activities.

community-based tourism; and ensuring that the infrastructure is adequate and is further developed.[129]

P. 78, para. 97

(ii) Telecommunications and postal services

The [Lesotho Communications Authority (LCA)] manages the licensing system for fixed and mobile telecommunications and has set out relevant fees under the (Licensing Fees) rules of 2008. Under section 48 of the LTA Act 2000 (as amended), LCA established the **Universal Access Fund** (UAF) to ensure that the network infrastructure and communications services are expanded throughout Lesotho, including in remote areas. The LCA commissioned a communications demand study in 2004 to help network providers by identifying commercially viable areas. It also aimed to bridge the efficiency-gap.[130] The LCA is implementing the universal access strategy with a view to addressing the access gap[131], and network operators' first contribution has been received. In addition, the LCA has put aside **funds** as seed capital to start the universal access fund, and will contribute 25% of its annual surplus funds towards the UAF.

34.3 Namibia

[No reference to services-related subsidies.]

34.4 South Africa

P. 318, para. 134

(iv) Export subsidies, finance, and assistance

South Africa also offers subsidized medium- and long-term loans to promote the export/import of capital goods and **services.** Financing facilities offered by banks and financial institutions, such as the Industrial Development Corporation of South Africa Limited (IDC), are enhanced by the credit insurance cover and interest support from the government-owned Export Credit Insurance Corporation of South Africa (ECIC). The ECIC enables exporters of capital goods and **services** to offer extended credit facilities to foreign buyers by underwriting bank loans and investments outside the country.

P. 365, para. 304

(c) Land transport

South Africa's passenger rail companies (South African Rail Commuter Corporation, Metrorail, and Shosholoza Meyl) merged recently into the Passenger Rail Agency of South Africa (PRASA).[132] PRASA provides commuter rail services in urban metropolitan areas, and regional and long-distance passenger services. **Commuter rail services** continue to be subsidized but remain insufficient.[133] […].

P. 368, para. 311

(v) Tourism

Various incentive schemes are also in place, aimed at improving **tourism services** (Table AIII.4). In 2005, the DEAT, in partnership with TBCSA, issued the Tourism BEE Scorecard and Charter

[129] Ministry of Tourism, Environment, and Culture (2007).

[130] Efficiency gap is the difference between what markets are actually achieving and what they could achieve if regulatory barriers were removed and regulation were used to provide incentives (information provided by the Lesotho authorities).

[131] An access gap occurs when some areas or population groups are not served by the market without intervention, even if the market is operating efficiently and is fully liberalized (information provided by the Lesotho authorities).

[132] Department of Transport (2008b).

[133] Total subsidies amounted to R 329 million for FY 2007/08 (Department of Transport, 2008b).

(based on the Black Economic Empowerment strategy) to ensure that opportunities and benefits from tourism will extend to black South Africans.[134] The Tourism Enterprise Programme launched in 2000[135], was institutionalized in 2008 as the Tourism Enterprise Partnership, to ensure the sustainability of the long-term support to SMMEs.[136] Financial assistance in the form of **preferential loans** is provided through the Development Bank of South Africa to SMEs involved in tourism; and through the Industrial Development Corporation (IDC) to medium and large tourism projects.[137] IDC provides **financing** for green-field and expansion projects in the tourism sector of R 1 million or more. […]. Three incentive programmes are also made available to the tourism sector by the DTI: the Tourism Support Programme (TSP), a targeted **incentive** programme to support the development of tourism enterprises that will stimulate job creation and encourage investment in tourism by offering grants[138]; the Cooperatives Incentive Scheme, a generic incentive scheme to stimulate the creation and effective operation of cooperatives; and the Black Business Suppliers Development Programme, aimed at stimulating black economic empowerment (Table AIII.4).

P. 389, Annex Table AIII.4 (extracts)

Table AIII.4

Incentive schemes, 2009

Scheme: objective	Criteria	Type of incentive
Investment support		
[…]		
Business Process Outsourcing and Offshoring (BPO and O)[a]: create employment opportunities	Incentive is offered to local and foreign investors in projects aimed to serve offshore clients; the applicant: must be a registered legal entity in South Africa; must be a taxpayer in good standing and; must have an accepted investment project; the project: can involve the start up or an expansion of an existing operation; apply and be approved prior to the start of commercial operations; and establish an operation that creates employment for at least 200 people by the end of its 2nd year in operation	**Investment grant** ranging between R 37,000 and R 60,000; and a training grant to a maximum of R 12,000 per agent
[…]		

[134] Department of Environmental Affairs and Tourism (2005a) and (2005b).
[135] The programme was launched in 2000 for four years. It was funded by Business Trust and the DEAT.
[136] Department of Environmental Affairs and Tourism (2005a); and Tourism Enterprise Partnership online information. Viewed at: http://www.tep.co.za/index.php [24 March 2009].
[137] Department of Environmental Affairs and Tourism (2005a).
[138] Department of Trade and Industry (2008c).

Scheme: objective	Criteria	Type of incentive
Enterprise Investment Scheme (EIP): stimulate growth and employment; and broaden participation. Two sub-programmes: (i) Manufacturing Investment Programme (MIP) to stimulate growth; and (ii) **Tourism** Support Programme (TSP) to stimulate employment and broaden participation	Local and foreign-owned entities	**Investment grant** of 15% to 30% towards qualifying investment in plant, machinery and equipment, and customized vehicles required for establishing or expanding production facilities or upgrading production capacity in clothing and textiles operation or to ensure that tourism projects create employment and promote tourism in new areas; investment of less than R 5million qualifies for a 30% grant; investment of R 5 million-R 30 million for 30%-15%; and investment of R 30 million-R 20 million for 15% grant; maximum qualifying investment: R 200 million; maximum qualifying grant: R 30 million
[...]		
Services		
Location **Film and TV production** Incentive	Rebate available to foreign-owned qualifying productions with qualifying South African production expenditure (QSAPE) of R 12 million and above	Rebate calculated as 15% of QSAPE; maximum rebate capped at R 10 million
Franchising: traditional and non-traditional areas (e.g. fast **food/restaurants; communication and IT; health and beauty; speciality stores; travel; retail;** petroleum; and hardware/equipment **rental**)	An economically viable business plan; minimum facility amount of R 1 million	Financing for a maximum of six years; repayments tailored to suit the borrower's cash flow
Health care and education (manufacturing of medical equipment, medical schemes administration and management, medical and dental practices activities, **clinics and related services, hospital services, human health services**)	An economically viable business plan; minimum financing requirement is R 1 million; compliance with the international environmental standards	Shareholders/owners expected to make a significant financial contribution, generally 35% of total assets for going concerns and 45%-50% for start-ups, depending on the industry norms and risk profile
Media and motion pictures (motion pictures, broadcasting, printing, post-production, publishing, advertising, and music)	An economically viable business plan Minimum financing requirement: R 1 million	
South African Film and TV production and Co production Incentive	Rebate available to qualifying; South African production and official treaty co-productions with total production budgets of R 2.5 million and above	Rebate calculated as 35% of first R 6 million of the QSAPE; thereafter 25% for the remainder; rebate is capped at R 10 million
[...]		

Scheme: objective	Criteria	Type of incentive
Transport		
Transport promotion: promote entrepreneurship, facilitate transport links and access to financial services in transport services (road freight, logistic, maritime, aviation, and bus sector)	An economically viable business plan; minimum loan of R 1 million; minimum of R 500,000 for bridging facilities; and R 5 million for equity-related transactions	..
Tourism		
[...]		
Tourism Development Finance: develop and expand the tourism industry by providing finance for commercial projects in the medium to large sector of the tourism industry; increase participation in projects related to the 2010 Soccer World Cup	An economically viable business plan with adequate financial support from shareholders; minimum financing requirement of R 1 million	Medium-term finance in the form of loans, equity, and quasi-equity for the creation or upgrading and renovation of tourist facilities (including hotels, and conference and convention centres); interest rates are competitive, risk related, and are based on the prime bank overdraft rate
Tourism Schemes: develop tourism, in particular eco-tourism	..	Capital for development of new or existing tourism facilities
Tourism Support Programme: offer a grant up to 30% of an investment to establish or expand existing operations in South Africa	Applicant must be a registered legal entity in South Africa in terms of the Companies Act; available to local- and foreign-owned enterprises, and granted for qualifying investment costs of furniture, equipment, vehicles, land, and buildings of up to R 200 million	Maximum: R 30 million

.. Not available.
a Effective from 6 December 2006 to 31 March 2011.
b Will be replaced by the Automotive Production and Development Programme (APDP) from 2013.

Source: Department of Trade and Industry online information, "Offerings: Incentives and Development Finance". Viewed at: http://www.dti.gov.za [20 February 2009]; Department of Trade and Industry online information, "Offerings: Information, Advice, and Facilitation: National Industrial Participation Programme". Viewed at: http://www.thedti.gov.za/offerings/offering.asp?offeringid=127 [6 March 2009]; Mbendi Information Service online information, "South Africa: Incentives". Viewed at: http://www.mbendi.com/land/af/sa/p0027.htm [20 February 2009]; and Industrial Development Corporation online information. Available at: http://www.idc.co.za/default.asp [29 January 2009]; and South Africa Info online information, "Spatial Development Initiatives". Viewed at: http://www.southafrica.info/doing_business/economy/development/sdi.htm [24 February 2009]; DATC online information, "The Programme". Viewed at: http://www.dact.co.za/ programme.asp; TradeInvest South Africa online information, "Foreign Investment Grant (FIG)". Viewed at: http://www.tradeinvestsa.co.za/incentives/983081.htm [6 March 2009]; TradeInvest South Africa online information, "Film Industry Rebate Scheme". Viewed at: http://www.tradeinvestsa.co.za/incentives/983076.htm [6 March 2009]. WTO (2003), *Trade Policy Review: SACU*, Geneva; Department of Trade and Industry online information, "Regulatory Environment: Industrial Development Zones". Viewed at: http://www.dti.gov.za/investing/regulatoryenvironment.htm [4 March 2009]; Department of Trade and Industry online information, "Export Marketing and Investment Assistance Scheme". Viewed at: http://www.dti.gov.za/offerings/offering.asp?offeringid=204 [20 February 2009]; and information provided by the South African authorities.

34.5 Swaziland

[No reference to services-related subsidies.]

35 NIGER AND SENEGAL - WT/TPR/S/223/REV.1 (2ND AND 3RD REVIEW, 22 DECEMBER 2009)

35.1 Niger

P. 86, para. 85

(i) Incentives

[…] Some public utility goods and **services** such as the social tranche of the consumption of electricity (Chapter IV(3)(iii)) and water supplies (Chapter IV(3)(iv)), **air transport services** (Chapter IV(5)(i)) and **postal services** (Chapter IV(5)(iii)), as well as […], also receive State aid (Chapter IV(3)(ii)). […].

P. 112, para. 181

(ii) Transportation

The **transport** subsector has been particularly affected by the various revisions of the Investment Code aimed at increasing its attractiveness, including an exemption from tax on industrial and commercial profits (BIC).

P. 116, para. 196

(b) Air transport

Niger is of the view that air transport is essential to its economic and social development and therefore has adopted a new Investment Code and regulations under the framework of the WAEMU. **Air transport** enjoys **import and export incentives** among other measures. These measures cover the movement of capital, profits tax, the open skies policy, and a reduction in the rate of aeronautical charges and in the aircraft refuelling price.[139]

35.2 Senegal

P. 183, para. 96

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Incentives

[…]. Some public utility goods and **services** such as electricity (Chapter IV(3)(iii), social water connections (Chapter IV(3)(iv)), **air transport services** (Chapter IV(5)(i)), and **postal services** (Chapter IV(5)(iii)) also receive State support (Chapter IV(3)(ii)). […].

P. 78, para. 97

(c) Air transport

Since 2001, Air Sénégal International (ASI) has been 51% owned by Royal Air Maroc (RAM) and 49% by the State of Senegal.[140] As at July 2001, ASI had a deficit of around CFAF 12 billion. In October 2007, the Senegalese Ministry responsible for air transport had announced the Government's decision to alter the company's shareholding to allow the State to hold a majority of ASI shares and **refloat** the company with a capital of between CFAF 20 and 24 billion.[141]

---

[139] Ministry of Transport (undated).

[140] The agreement between RAM and Senegal, signed in 2000, is scheduled to end in 2010. Viewed at: http://www.air-senegal-international.com/index.php?pg=compagnie&m=3.

[141] *Radio France internationale*, "Air Sénégal international dans la tourmente", 10 April 2009. Viewed at: http://www.rfi.fr/actufr/articles/112/article_80024.asp.

P. 226, para. 229

(iv) Tourism

[…] Opportunities for hotel investment in Senegal are highly dependent on these tourist zones. The Investment Code sets a minimum eligibility threshold of CFAF 100 million for the granting of **customs duty, fiscal and social incentives** to undertake a tourism project (Chapter II). […].

36 GEORGIA - WT/TPR/S/224/REV.1 (1ST REVIEW, 19 JANUARY 2010)

Pp. 47-47, para. 56 and Table III.5

(ii) Incentives

(a) Special taxation regimes

According to the authorities, no specific incentives are currently envisaged under Georgian tax legislation. There are, however, **special taxation regimes** for **international financial companies, international companies operating in a free industrial zone and for free warehouse companies** (Table III.5). Under the Law on free industrial zones and the Tax Code of Georgia, companies registered and operating in free industrial zones are exempted from VAT and property tax. The import of foreign goods into free industrial zones is exempted from VAT and customs duties. The term International Financial Company (IFC) is defined in the Tax Code as a financial company receiving no more than 10% of total revenue from activities in Georgia. Under the Code, profits gained by an IFC from its financial operations are exempted from profit tax.

Table III.5

Special taxation regimes, 2009

Type of tax	International financial company	International company operating in a free industrial zone	Free warehouse company
Corporate income tax	0%	0%	0%
Value added tax	0%	0%	0%
Customs duties	0%, 5% or 12%	0%	0%
Property tax	up to 1%	0%	up to 1%
Personal income tax	20%	20%	20%

Source: Georgian authorities.9P. 48, para. 58

(b) State aid

The authorities note that government economic programmes, including those aimed at industry assistance, are open and transparent and selection is on a competitive basis. The "Cheap Credit" programme, implemented in 2008, allocated GEL 62 million to 117 projects to develop activities in agriculture, food processing, handicrafts, and **tourism.** The number of new jobs and indirect beneficiaries from the projects exceeds 32,000 persons. […].

P. 78, para. 97

(ii) Financial services

(e) Financial regulatory framework

[…] A new law – the Global Competitiveness of the Financial Services Sector Act – was approved by Parliament in March 2008 to modernize the financial sector including: […] and (iv) developing an international financial centre to attract foreign funding by offering **tax exemptions to large international financial companies** whose activity in Georgia does not exceed 10% of their financial turnover (Box IV.1).

37 UNITED STATES - WT/TPR/S/235/REV.1 (10TH REVIEW, 29 OCTOBER 2010)

P. 63, para. 199

(iv) Subsidies and other government assistance

(a) General features

Government assistance to businesses is granted at the federal level, as well as by state and local governments. The main instruments of support are **tax benefits, direct payments,** and **credit programmes.** Tax benefits have traditionally been the main form of federal government support to business.

Pp. 95-96, paras. 64-66

(3) FINANCIAL SERVICES

(iii) Policy actions in response to the crisis

The immediate measures taken fall into the following categories: (1) **guarantees of bank liabilities;** (2) retail deposit guarantees; (3) central bank assistance measures; (4) **bank recapitalization through equity investments by** private investors and **Government;** (5) open-market or negotiated acquisitions of illiquid or otherwise undesirable assets from weakened financial institutions; and (6) **assistance to individual financial institutions.**

On 3 October 2008, the U.S. President signed into law the **Emergency Economic Stabilization Act** of 2008 (EESA), which provided budgetary authorization of up to US$700 billion to respond to the crisis. This authorization was utilized through the **Troubled Assets Relief Program (TARP)**, which enabled the Secretary of the Treasury to purchase, and to make and fund commitments to purchase troubled assets from any financial institutions. […] Foreign institutions established and regulated in the United States were therefore, in principle, eligible for relief. In May 2010, the Department of the Treasury notified Congress that the projected lifetime cost of TARP would total US$105.4 billion.[142]

To meet the goals of the EESA, the Treasury established several programmes under the TARP, and defined eligibility guidelines for each programme. According to the application guidelines for the Capital Purchase Program, the largest single program under TARP, and the TARP Capital Assistance Program, "applicants must be established and operating in the United States and may not be controlled by a foreign bank or company".[143] Similarly, according to the "summary of terms" for the TARP Legacy Loans Program, banks or savings associations owned or controlled by a foreign bank or company are not eligible to participate in this programme.[144] According to the U.S. authorities, this approach was based on the rationale that: U.S. subsidiaries of foreign banks that needed additional capital should initially look to their parent banks; and the financial regulator of the country where the parent bank is subject to comprehensive consolidated supervision are best positioned to determine the overall strength of the financial conglomerate. The U.S. authorities also note that this principle is well established in international banking supervision and regulation, as set out, for example, in the Basel Committee's Concordat.[145]

---

[142] U.S. Department of the Treasury (2010), Troubled Assets Relief Program: Monthly 105(a) Report May 2010, 10 June. Viewed at: http://www.financialstability.gov/docs/May%202010%20105(a)%20Report_final.pdf.

[143] Application Guidelines for TARP Capital Purchase Program. Viewed at: http://www.financialstability.gov/docs/CPP/application-guidelines.pdf; and Application Guidelines for Capital Assistance Program. Viewed at: http://www.financialstability.gov/docs/CAP_App-Guidelines.pdf.

[144] Legacy Loans Program Summary of Terms. Viewed at: http://www.treas.gov/press/releases/eports/legacy_loans_terms.pdf.

[145] Principles for the Supervision of Bank's Foreign Establishments.

P. 102, para. 92

(ii) Maritime transport

(b) Regulatory framework

The regulatory framework for maritime transport in the United States has not changed during the review period. […]. In addition, the Maritime Administration (MARAD) of the Department of Transportation is responsible for certain maritime regulations, **programmes that promote** the use of waterborne transportation and its integration with other segments of the transportation system, and the **viability of the U.S. merchant marine.** MARAD is also responsible for a variety of programmes involving ships and shipbuilding, port operations, environment, and safety. […].

P. 103, para. 98

(c) Water-borne trade

The United States administers a number of maritime transport programmes related to national defence:

- The Maritime Security Program (MSP) provides a **fixed payment** to **operators of domestically flagged vessels** under the Maritime Security Act of 2003.

- Annual spending of up to US$156 million was authorized for FY2006-08, US$174 for 2009-11; and US$186 for FY2012-15[146]; In FY2009, 59 vessels received MSP payments totalling US$166.5 million, or an average of US$2.8 million per vessel; […].

38 JAPAN - WT/TPR/S/243/REV.1 (10TH REVIEW, 2 MAY 2011)

P. 62, paras. 114 and 116

(ii) Subsidies and other financial assistance

Japan has notified various **specific subsidy programmes** to the WTO. In its latest notification, Japan indicated 68 subsidy schemes to assist agriculture, forestry, and fisheries, industry, **finance,** and **transport** sectors.[147] Changes since 2009, as noted in the notification, include elimination of the subsidy for the promotion of advanced research and development in salt manufacturing technology and the subsidy for promoting bio-fuel in March 2009.

Under the new Growth Strategy, adopted by the Cabinet on 18 June 2010, the Government has concentrated its resources into the development of "seven strategic areas" **(environment and energy, medical** and **health care,** economic integration with other Asian countries, **tourism** and revitalization of regional economies, science and technology, human resources, and **financial services)**.[148] The strategy indicates that potential demand is largest in these seven areas.[149] Although the details of implementing measures are yet to be decided, the strategy suggests a possible policy to "pick winners".[150]

---

[146] MARAD online information. Viewed at: http://www.marad.dot.gov/ships_shipping_landing_page/domestic_shipping/Domestic_Shipping.htm [March 2010].

[147] WTO document G/SCM/N/186/JPN, 25 June 2009.

[148] Prime Minister's Office online information. Viewed at: http://www.kantei.go.jp/foreign/kan/topics/sinseichou01_e.pdf [14 October 2010].

[149] Cabinet Office online information. Viewed at: http://www5.cao.go.jp/keizai2/2010/0618reference.pdf [14 October 2010].

[150] National Policy Unit online information. Viewed at: http://www.npu.go.jp/policy/policy04/pdf/20100618_shinseityou_gaiyou_eigo.pdf [14 October 2010].

P. 87, paras. 42-43

(a) Banking

To mitigate the impact of the crisis, the authorities took a number of measures to ensure the smooth flow of credit as well as shoring up banks' balance sheets. Measures taken by the Bank of Japan include: an increase in outright purchases of government bonds and facilitation of bank lending to the corporate sector[151]; introduction of a "special funds supplying operation" in January 2009, which **provided banks with unlimited funds** at the policy rate and expanded the range of corporate financing instruments that could be used as collateral for such funds; resumption of the purchase of equities held by banks by the Bank of Japan in February 2009[152]; and the provision of subordinated loans to banks that were engaged in international operations.

Action taken by the FSA included allowing the Banks Shareholding Purchase Corporation to purchase equities held by banks, and raising the upper limit on such purchases to ¥20 trillion. This measure was expected to improve the capital position of the banking sector. The Act on Special Measures for Strengthening Financial Functions was reactivated and its conditions relaxed in December 2008. The Act provides a framework for the **injection of public funds in depository institutions.** Since the Act's revival, three institutions have received a total of ¥121 billion under its provisions. Capital adequacy requirements for banks were also relaxed until March 2012, so that large changes in the capital adequacy ratio do not hamper intermediation functions. In addition, the Financial Revival Programme, which started in 2002, has continued to provide **support** to the financial sector through **grants for losses, injection of capital, and purchase of assets.** […].

P. 90, para. 59

(iii) Transport

(a) Maritime transport

The Government continues to provide support to **Japanese flag carriers** under the international ship regime.[153] It also continues to provide a tonnage tax, adopted in 2008, under which a company may calculate its corporate tax based on assumed profit per net tonne of vessels flying the Japanese flag. The presumably lower tonnage tax is applicable instead of the corporate tax and is an **incentive** for shipping companies. An internationally operating shipping company must submit a plan that ensures stable international maritime transport to the MLIT; this must be approved by the Minister before the tonnage tax can be applied. As of March 2010, 11 companies had been approved by the MLIT to apply the tonnage tax.

P. 91, paras. 64-66

(b) Air transport

A significant development during the review period was the bankruptcy of **Japan Airlines (JAL)** and its subsequent **rescue** by the Government. JAL had reportedly been carrying legacy costs, which had resulted in the airline having to negotiate three rescue deals with banks and the Government since 2001. The global financial crisis in 2008 resulted in further significant losses for JAL. It had become obvious by the end of 2009 that unless radical reforms were instituted the airline would be bankrupt.

The Government decided to rescue JAL and directed the airline to submit a restructuring plan. However, a change in Government in August 2009 resulted in the restructuring plan being scrapped. Under, a new plan, announced in November 2009, as a condition of government support, the Enterprise Turnaround Initiative Corporation of Japan (ETIC) would assume control of JAL. In January 2010, JAL made a formal application for support from ETIC and filed a petition for

[151] Prior to December 2008, outright purchases of government bonds were at ¥14.4 trillion annually; this increased to ¥21.6 trillion annually in March 2009.

[152] Between February 2009 and April 2010, the Bank of Japan had bought equities worth ¥387.8 billion from banks.

[153] For details, see WTO document WT/TPR/S/211/Rev.1, 12 May 2009.

the commencement of reorganization proceedings under the Corporate Reorganization Law. It submitted a restructuring plan that aims to return the airline to profitability by 2012. Measures […].

Under the plan, ETIC will inject over ¥300 billion in equity, and ETIC and the Development Bank of Japan will provide **lines of credit** amounting to ¥600 billion. JAL stocks will be de-listed, and ETIC will assume control and ownership of the airline.[154] […].

39 EUROPEAN UNION - WT/TPR/S/248/REV.1 (10TH REVIEW, 1 AUGUST 2011)

P. 70, para. 161

(iii) Subsidies and other government assistance

(a) General legal and institutional framework

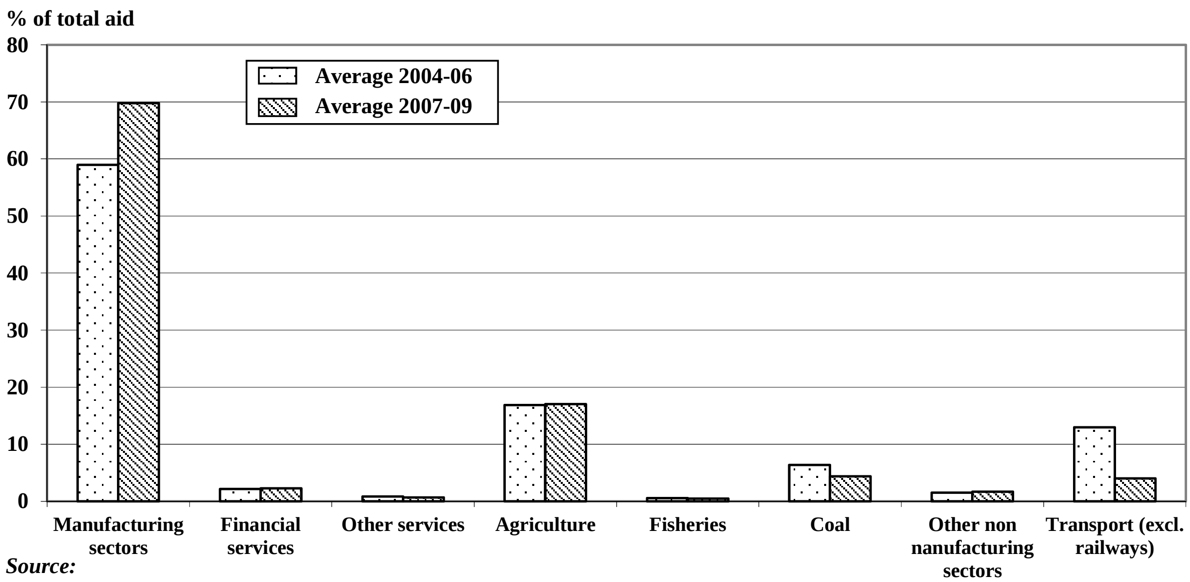
Subsidies and other government assistance are granted at the EU and member State levels. The latest EU subsidies notification to the WTO, submitted in December 2009, covers both types of subsidies, and contains statistical information at least up to end 2008.[155] […].

P. 73, Chart III.2

(iii) Subsidies and other government assistance

(b) Overall assistance

Chart III.2
Non-crisis aid provided by member States, 2004-09



Source: European Commission online information, "Scoreboard: Data on State Aid Expenditure". Viewed at: http://ec.europa.eu/competition/state_aid/studies_reports/expenditure.html.

[154] ETIC is obliged to sell its shares of JAL within three years of the capital injection.
[155] WTO document G/SCM/N/186/EEC, 23 December 2009. Subsidies granted by individual Member States are contained in addenda to this notification.

Pp. 73-74, paras. 173-175

(c) Assistance in response to the financial and economic crisis

Following the onset of the financial crisis in 2008, the Commission issued several communications providing guidance on the design and implementation of state aid in support of **banks.**[156] The communications cover **public guarantees, recapitalization measures, impaired asset relief, and "restructuring aid".** [...] According to the Commission, the objective of the guidance is to ensure that emergency measures granted to maintain financial stability "guarantee a level playing-field between banks located in different Member States as well as between banks who receive public support and those who do not".[157]

Between October 2008 and October 2010, the Commission authorized state aid measures for the financial sector in 22 member States on the basis of Article 107(3)(b) of the Treaty on the Functioning of the EU.[158] The "maximum volume" of this state aid totalled nearly €4,590 billion, or some 40% of EU-27 GDP.[159] Around three-quarters was in the form of **guarantees,** including the **blanket guarantees** covering all bank debts adopted by Denmark and Ireland. According to the Commission, member States relied principally on guarantee measures, because they had a "stabilising effect for the financial sector without weighing heavily on the public finances as opposed to more interventionist instruments such as recapitalisations or the cleaning of impaired assets".[160] Denmark, France, Germany, Ireland, and the United Kingdom accounted for nearly 70% of approved state aid for the financial sector.

The "amount actually used" of state aid in 2009, which reflects the volume of aid implemented by member States, totalled €1,107 billion, or around 9% of EU-27 GDP. Approximately three quarters corresponds to **guarantees,** under general schemes and ad hoc **interventions in support of individual financial institutions.**

P. 74, para. 177

Apart from support to the financial sector, member States provided support for the real economy, mostly within the broader framework of the European Economic Recovery Plan, adopted in December 2008 to ensure a coordinated EU response to the crisis.[161] The Plan called on member States to devote 1.2% of GDP to counter the effects of the crisis and adopt short-term measures in support of employment, infrastructure, **construction,** and business. As part of the Plan, the EU adopted in early 2009 a "temporary framework" allowing member States to provide state aid in response to "the exceptional difficulties of companies to obtain finance" until the end of 2010.[162] Like the communications on bank support, the temporary framework is based on the consideration that the severity of the crisis justifies, for a limited period, state-aid measures on the basis of Article 107(3)(b) of the Treaty on the Functioning of the EU.

---

[156] See Communication from the Commission – The application of State aid rules to measures taken in relation to financial institutions in the context of the current global financial crisis (OJ C 270, 25 October 2008); Communication from the Commission – The recapitalisation of financial institutions in the current financial crisis: limitation of aid to the minimum necessary and safeguards against undue distortions of competition (OJ C 10, 15 January 2009); Communication from the Commission on the treatment of impaired assets in the Community banking sector (OJ C 72, 26 March 2009); and Communication from the Commission on the return to viability and the assessment of the restructuring measures in the financial sector in the current crisis under the State aid rules (OJ C 195, 19 August 2009).

[157] European Commission (2009a).

[158] European Commission document COM(2010) 701, 1 December 2010. Viewed at: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0701:FIN:EN:PDF.

[159] The maximum volume is the upper limit of support approved by the Commission; it does not represent the amounts handed to financial institutions.

[160] European Commission document SEC(2010) 1462 final, 1 December 2010. Viewed at: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=SEC:2010:1462:FIN:EN:PDF.

[161] European Commission document COM(2008) 800 final, 26 November 2008. Viewed at: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0800:FIN:EN:PDF.

[162] Communication from the Commission-Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis (OJ C 83, 7 April 2009); and European Commission press release IP/08/1993, "State aid: Commission adopts temporary framework for Member States to tackle effects of credit squeeze on real economy", 17 December 2008. Viewed at: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1993.

P. 76, para. 185

Assistance provided under the temporary framework was not sector specific. Thus, there are no consolidated data on the volume of aid under the temporary framework disaggregated by economic sector. Nonetheless, some parts of member States' fiscal stimulus packages targeted particular economic sectors. According to one estimate, one-third of all measures introduced by member States under the European Economic Recovery Plan were sector specific. The automobile sector, along with **tourism** and **construction** received the largest share of sectoral support [...].

P. 121, paras. 64-65

(2) TRADE IN SERVICES

(ii) Financial services

(c) Response to the global financial crisis

The Commission published guidance to the member States in October and December 2008 to ensure that support to financial institutions in response to the financial crisis does not unduly distort competition by allowing beneficiary banks to have access to capital and funding without differentiating beneficiary banks according to their risk profiles. In December 2008, the Commission also adopted a temporary framework for state-aid measures to support access to finance applicable horizontally to all sectors. The temporary framework was modified in 2009, and replaced by a new temporary framework in December 2010. Between October 2008 and October 2010, the Commission approved aid schemes of 22 member States pursuant to the temporary framework. The maximum volume of Commission-approved measures from the beginning of the crisis until 1 October 2010, including the schemes and ad hoc interventions, amounts to €4,590 billion, or some 40% of EU-27 GDP for 2009 (Chapter III(3)(iii)(c)).[163] In its assessments, the Commission has evaluated all measures against the criteria for compliance with state-aid rules, in particular the principle of non-discrimination, to preserve the proper functioning of the internal market.

[...] Assistance could, for example, take the form of asset purchase, swaps, insurance, guarantees or a combination of such measures. The measures would be elaborated and implemented by the member States, but subject to assessment and approval by the Commission.

Pp. 133-134, para. 107

(b) Postal services

[...] The Directives also provide that member States may establish a **compensation fund** to ensure that universal service is provided, should the universal service obligation constitute an unfair financial burden for the designated universal service provider.[164]

40 INDIA - WT/TPR/S/249/REV.1 (5TH REVIEW, 20 OCTOBER 2011)

P. xii, para. 19

India grants direct and indirect assistance to various sectors. Most central government subsidies are destined for agriculture. [...] The states also provide additional subsidies, especially for **basic services** such as **education and health, electricity, and water.**

[163] European Commission document COM(2010) 701final, 1 December 2010. Viewed at: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0701:FIN:EN:PDF.

[164] WTO document S/C/W/319, "Postal and Courier Services", Background Note by the Secretariat, 11 August 2010.

P. 82, para. 147

(a) Free-trade zones and export-oriented units (EOUs)

Exports are encouraged through the establishment of special economic zones (SEZs) and export-oriented units (EOUs).

Pp. 82-83, paras. 149 and 151, and Tables III.18 and III.19

Special economic zones (SEZs)

[…] Firms established in an SEZ benefit from several incentives subject to generating net foreign exchange earnings within five years of operation (Table III.18). SEZ units are exempt from various taxes, including income tax, central sales tax, minimum alternate tax, dividend distribution tax, service tax, and from a series of state taxes (i.e. sales tax, stamp duty, and electricity duty) (Table III.18).[165] […].

As at end 2010, India had 374 SEZs with 3,245 units producing manufactured goods and **providing services and warehousing** for a total investment of US$43 billion and 644,073 employees. As at end 2010, India had 374 SEZs with 3,245 units producing manufactured goods and providing services and warehousing for a total investment of US$43 billion and 644,073 employees. […].

Table III.18

Incentives granted to SEZ units, 2011

Duty-free imports/domestic procurement of goods for development, operation, and maintenance of SEZ units.
100% income tax exemption for SEZ units for the first five years, 50% for the next five years, and 50% of the ploughed-back export profit for the next five years.
Exemption from minimum alternate tax.
Exemption from the central sales tax.
Exemption from the service tax.
Exemption from the state sales tax and other levies (e.g. stamp duty and electricity duty) as extended by the respective state government.
External commercial borrowing by SEZ units up to US$500 million in one year without any maturity restriction through recognized banking channels.
100% FDI investment through automatic route.
Single-window clearance for central and state level approval procedures.

Source: Department of Industrial Policy and Promotion (2010), *National Manufacturing Policy: A Discussion Paper*. Viewed at: http://dipp.nic.in/NMP_DiscussionPaper/NMP_DiscussionPaper_2010.pdf; SEZ Rules 2006, as amended; SEZ Act 2005; and SEZ online information, "About SEZs: facilities and incentives". Viewed at: http://sezindia.nic.in/about-fi.asp.

[165] SEZ Rules 2006, as amended; SEZ Act 2005; and SEZ online information, "About SEZs: facilities and incentives". Viewed at: http://sezindia.nic.in/about-fi.asp.

Table III.19

Exports from SEZs, 2007-10

(US$ billion, unless otherwise specified)

Sector	2007/08	2008/09	2009/10
Biotech	0.04	0.19	0.10
Computer/electronic software	0.89	3.61	10.17
Electronics hardware	2.47	2.90	3.87
Electronics	0.12	0.08	0.21
Engineering	0.37	0.69	0.93
Gems and jewellery	5.11	7.43	9.74
Chemicals and pharmaceuticals	0.32	1.42	16.44
Handicrafts	0.01	0.01	0.01
Plastic and rubber	0.15	0.08	0.15
Leather, footwear, and sports goods	0.05	0.06	0.10
Food and agri-industry	0.14	0.07	0.08
Non-conventional energy	0.03	0.05	0.31
Textiles and garments	0.29	0.66	0.74
Trading and services	4.64	4.18	5.53
Miscellaneous	0.20	0.75	0.66
Total	**14.81**	**22.15**	**49.05**
Percentage share of SEZs exports of India's total exports	9.1	12.0	27.4

Source: Information provided by the Indian authorities.

<u>Pp. 84-85, para. 155 and Table III.20</u>

Export-oriented units (EOUs)

As in the case of the SEZs, [Export Oriented Units (EOUs)] are exempt from various taxes, including income tax, until 31 March 2011 (Table III.20).[166] [...].

Table III.20

Incentives granted to EOUs, 2011

Inputs are exempt from customs duty.
Exemption from customs and central excise duties on import/local procurement of capital goods, raw materials, consumables, spares, packing material, etc.
Reimbursement of central sales tax.
Corporate/income tax holiday until 31 March 2011.
Reimbursement of duty paid on fuels procured from domestic oil companies as per the rate of drawback.
No import licences are required.
Import of second-hand capital goods are allowed.
Supplies from the DTA to EOUs are deemed exports and are exempt from payment of the excise duty.
50% of production may be sold in the domestic market on payment of duty, generally 25%, plus a 100% additional customs duty.
100% FDI investment through automatic route.

Source: Department of Industrial Policy and Promotion (2010), *National Manufacturing Policy: A Discussion Paper*. Viewed at: http://dipp.nic.in/NMP_DiscussionPaper/NMP_DiscussionPaper_2010.pdf; and Export Promotion Council for EOUs and SEZs, Circular No. 77, 6 July 2009.

[166] Export Promotion Council for EOUs and SEZs, Circular No. 77, 6 July 2009.

Pp. 85-86, para. 158 and Table III.21

In 2009/10, India had 2,553 EOUs, manufacturing goods **and providing services, excluding trading,** which is not allowed.[167] […].

Table III.21

Exports from EOUs, 2007-10

(US$ billion, unless otherwise specified)

Sectors	2007/08	2008/09	2009/10
Textiles and garments, yarn	1.73	1.20	0.79
Computer software	1.20	0.75	0.89
Electronics hardware	1.15	1.19	0.98
Engineering goods	4.74	4.14	3.18
Chemicals and pharmaceuticals	24.02	23.69	4.52
Leather and sports goods	0.18	0.18	0.17
Gems and jewellery	2.33	0.93	1.04
Plastic, rubber, and synthetic	0.38	0.37	0.32
Foods and agri and forest products	0.93	1.02	0.90
Miscellaneous	5.30	5.01	4.86
Total	**41.96**	**38.47**	**17.64**
Percentage share of EOUs exports of India's total exports	25.7	20.8	9.9

Note: The figures do not include the export performance of Software Technology Park of India (STPI) units.

Source: Information provided by the authorities.

P. 91, para. 175, Table III.22 and para. 177

(4) Measures Affecting Production and Trade

(i) Incentives

(a) Tax incentives

India provides a number of tax incentives aimed at promoting investment. Under the Income Tax Act 1961, **tax incentives** are provided to several sectors (Section 35AD) and to disadvantaged areas. […] The authorities noted that several tax incentive programmes have been phased out since 2007 (Table III.22). During the period under review, revenue forgone due to incentives amounted to some US$27.94 billion (Table AIII.8).

[167] Export Promotion Council for EOUs and SEZs online information, "How to set-up an Export Oriented Unit". Viewed at: http://www.eouindia.gov.in/eou_settingup.htm.

Table III.22

Tax incentives phased out, 2006-10

Tax incentive	Income Tax Act 1961, Section	Date
Tax deductions provided to **cooperative banks**	80P	2006/07
Profit-linked tax deduction provided to companies carrying on **scientific research and development**	80IB	2006/07
Profit-linked tax deduction provided to the business of **operating and maintaining a hospital in rural areas**	80IB	2008/09
Profit-linked tax deduction provided to the business of laying and operating a cross-country natural gas distribution network, including pipelines and storage facilities	80IA	2009/10

Source: Information provided by the Indian authorities.

The Income Tax Act 1961 provides additional incentives, including for the **shipping companies** (Section 33AC) and deductions for revenue and capital expenditure (other than for land) on **scientific research** (under Section 35).[168] In 2009, a new section (35AD) was introduced in the Income Tax Act 1961, which provides investment-linked deduction of 100% of capital expenditure (other than on land, and financial instruments) to sectors such as […]. This incentive was extended to the **hotel, hospital, and slum rehabilitation** sectors in 2010.[169]

P. 140, para. 60

IV TRADE POLICIES BY SELECTED SECTOR

(3) SERVICES

(ii) Financial services

(a) Banking

India's banking sector continues to be dominated by public sector banks (PSBs), which account for approximately 73.7% of the sector's total assets. At end-March 2010, of the 81 scheduled commercial banks, there were 27 PSBs (19 nationalized banks, the State Bank of India (SBI), six SBI associate banks and the Industrial Development Bank of India (IDBI), 22 private sector banks, and 32 foreign banks (Table AIV.1). An important issue during the period under review was the **recapitalization** of PSBs, for which the 2010/11 Budget provided Rs 165 billion to help banks maintain a Tier I capital adequacy ratio in excess of 8%. […].

P. 147, para. 86

Other financial institutions

The financial situation of [regional rural banks, RRBs], reported as difficult in the last review, improved in 2009/10, partly as a result of their restructuring, amalgamation, and **recapitalization,** along with the application of the prudential regulatory requirements to RRBs. […]. The Committee noted that to meet this goal, a **recapitalization** of Rs 22 billion was required for 40 of the 82 RRBs, and recommended that the amount be released in two instalments: Rs 13.38 billion in 2010/11 and Rs 8.63 billion in 2011/12; and an additional Rs 7 billion be kept to meet the additional capitalization needs of the weaker RRBs of the north-eastern and eastern regions.

[168] Income Tax Act 1961, as amended.
[169] Ministry of Finance (2007a).

P. 164, paras. 141-142

(iv) Transport

(a) Maritime transport

Shipping

Imports of repair materials by **ship-repair** units registered with the [Directorate General of Shipping, DGS] are **exempt** from customs duties, and domestic goods are exempt from excise duties.[170] The recent budget extended some of the **incentives**, including duty-free imports of spare parts and other items used for repairs, provided for ocean going vessels owned by ship-owners registered in India.[171]

In an attempt to develop coastal shipping, certain **concessions** are granted to operators, e.g. relaxation in customs procedures[172], and lower charges at ports.[173] Coastal vessels enjoy a 40% **reduction on various tariffs** and in cargo handling fees (except for vessels transporting thermal coal, crude oil, and petroleum/oil/lubricants).[174]

P. 167, para. 157

(b) Air transport

FDI in airport projects is allowed up to 100% under the automatic route for Greenfield projects; and up to 100% for existing projects, subject to governmental approval beyond 74% and to sectoral regulations notified by the Ministry of Civil Aviation and Security clearance (Table AII.4). Private domestic partners in airport projects are granted **full tax exemption for ten years.**[175]

Pp. 169-170, para. 170 and Table IV.12

(c) Overland transport

Road transport

Domestic and foreign investors may bid for "concession contracts" (Table IV.11). Contractors must pay an annual nominal fee (Rs 1) to the NHAI throughout the concession period; they may benefit from a number of **incentives** (Table IV.12) […].

[170] Press note 1990 series No. SY-22013/7/89-SBR, 10 October 1990.
[171] Ministry of Finance (2011b).
[172] Notification of 7 October 1997 and Public Notice No. 190/97 of 20 October 1997 exempt coastal ships from the provisions of Sections 92, 94, 97, and 98(1) of the Customs Act 1962. Hence coastal ships are not required to file a bill of entry when loading at ports or a bill of entry at discharge ports, or to obtain written permission before leaving a port.
[173] Planning Commission (2008).
[174] Information provided by the authorities.
[175] Kacker (undated).

Table IV.12

Selected incentives to road concessionaires, 2011

Grants of up to 40% of the cost of the project (including for projects of high economic importance but not commercially viable).
100% tax holiday in any ten-year period out of 20 years in operation.
Exemption from the service tax for certain activities related to road construction[a].
Exemption from import duties on imports of high capacity equipment to be used in the construction of roads.
Basic customs duty of 0% for imports of goods to be used in specific projects.

a Commercial or industrial construction services; site formation and clearance, excavation, earthmoving, and demolition services; work contract services; and management, maintenance, and repair services.

Source: National Highways Authority of India (2010), *Guidelines for Investment in Road Sector*, 22 July. Viewed at: http://www.nhai.org/doc/22July10/nhai.pdf; and Ministry of Road and Highways online information, "National Highways Development Projects (NHDP)". Viewed at: http://morth.nic.in/index3.asp?langid=2&sublink2id=173.

Goods transport agencies are liable for the service tax (10%).[176] However, road transport of fruits, vegetables, eggs, milk, food grains, and pulses is **exempt.**[177] **Exemptions** also apply to individual consignments not exceeding a value ranging from Rs 750 to Rs 1,500; and to specific taxable services when provided by a Goods Transport Agency (GTA).

Pp. 174-175, para. 184 and Table IV.13

(v) Tourism

[…] In 2002, the [Ministry of Tourism, MoT] launched the National Tourism Policy to make tourism a major engine of economic growth. The key objectives of the policy are to increase India's competitiveness in the world tourism market; improve, expand, and market tourism products effectively; and develop world-class tourism infrastructure.[178] To **support** these objectives, the MoT launched **14 schemes,** in particular the Product/Infrastructure Development for Destinations and Circuits, to develop tourism products and infrastructure for mega projects and rural tourism[179]; and the **Market Development Assistance Scheme**, to promote India as a tourism destination. These two schemes accounted for 76% of the Ministry's total outlays in 2010/11. Other schemes are aimed at capacity building in tourism-related activities (Table IV.13).[180]

[176] An education cess (2%) and a secondary and higher education cess (1%) apply on the payable service tax. For details, see Central Board of Excise and Customs online information, "Service Tax: Service Profile". Viewed at: http://www.cbec.gov.in/cae1-english.htm.

[177] Service Tax Notifications Nos. 4/2010, 27 February 2010; and 33/2004, 3 December 2004.

[178] Ministry of Tourism online information, "Policy and Schemes". Viewed at: http://tourism.gov.in/.

[179] Mega projects refer to "the development of destinations/circuits of national importance in a holistic and integrated manner" (Ministry of Tourism, 2010a).

[180] For details, see Ministry of Tourism online information, "Policy and Scheme". Viewed at: http://tourism.gov.in/. See also Ministry of Tourism (2010b).

Table IV.13

Selected support schemes for tourism, 2011

(Rs million)

Objective	Assistance	Outlay 2010/11
Scheme for Product/Infrastructure Development for Destinations and Circuits		
Major destinations and circuits development		
Develop new tourism products to the world standard	**Ministry of Tourism bears 100% of the project cost** or a maximum of Rs 250 million for destination development and Rs 500 million for circuit development	5,450
Rural Tourism Infrastructure Development		
Develop rural tourism[a]	Maximum of Rs 5 million	70
Scheme of Assistance for Large Revenue Generating Projects (revised)		
Large projects with a tourism impact[b]	**Grant** to prepare the detailed project report, up to 50% of the actual cost, subject to a maximum of Rs 2.5 million per project; Amount of **subsidy** for private sector/public private partnership projects determined through a competitive bidding process by the concerned state governments/union territory administrations; **Subsidy** capped at Rs 500 million, subject to a maximum of 25% of total project cost or 50% of equity contribution of the promoters, whichever is lower	150
[...]		
Market Development Assistance Scheme for Promotion of Domestic Tourism		
Unexploited potential for domestic tourists	Approved tourism service providers would be provided **financial assistance** on travel expenses by air only, subject to a ceiling of Rs 30,000 per trip. Trips must be with Air India or alliance partner	..
[...]		

.. Not available.
a The following activities may be taken up under the Scheme: improvement of village surroundings and access roads; illumination in villages; improvement in solid-waste management and sewerage management; procurement of equipment directly related to tourism (e.g. water sports, adventure sports, and eco-friendly modes of transport for moving within the tourism zone); refurbishment of the monuments; reception centres; and tourist accommodation.
b Tourist trains, cruise vessels, cruise terminals, convention centres, golf courses open for domestic and international tourists, health and rejuvenation facilities, last-mile connectivity to tourist destinations (air and cruise including heli-tourism) etc., would qualify for assistance.
c IHM: Institute of Hotel Management; FCIs: Food Craft Institutes; IITTM: Indian Institute of Tourism and Travel Management; and ITIs: Industrial Training Institutes.

Source: Ministry of Tourism online information, "Policy and Schemes". Viewed at: http://tourism.gov.in; and Ministry of Tourism (2010), *India Tourism Statistics 2009*, November. Viewed at: http://tourism.gov.in/.

P. 177, para. 191

In 2010, India estimated a shortage of some 150,000 hotel rooms, in particular in the budget category.[181] As a result, the MoT has advised "land-owning agencies" and state governments to put land aside for the construction of hotels and to allow construction contracts on public-private partnerships or revenue-sharing basis. Since 2001, **subsidized loans** have been available for construction of budget accommodation **hotels** under the Incentive to Accommodation Infrastructure Scheme; in 2010-11, Rs 100 billion were allocated under the scheme.[182] Access to credit for the development of hotels has been increased and offered at reduced interest rates[183];

[181] Ministry of Finance (2011a).
[182] Ministry of Tourism (2010b).
[183] Ministry of Tourism (2010a).

[…].[184] **Tax incentives** are available for hotel development under the Income Tax Act: a **five-year tax holiday** is granted to new 2- to 4-star hotels located in the National Capital Territory of Delhi (and some neighbouring districts[185]) which started operations between 1 April 2007 and 1 July 2010[186]; and to 2- to 4-star hotels starting operation in UNESCO World Heritage sites[187] between 1 April 2008 and 31 March 2013.[188] In addition, as of 2010, capital expenditure in new hotels is **fully deductible** for income tax purposes.[189]

41 TURKEY - WT/TPR/S/259/REV.1 (5TH REVIEW, 7 MARCH 2012)

P. 68, paras. 102 and 103

(iv) Free zones, special economic areas

Financial incentives available to free-zone companies include **exemption from payment of customs duties and fees; exemption from** corporate, income, and value-added **taxes;** free repatriation of profits; 100% repatriation of capital without prior permission; and absence of foreign exchange restrictions. New arrangements for tax incentives in the free zones were introduced under Law No. 5084 of 29 January 2004 on the Encouragement of Investments and Employment. Pursuant to Law No. 5084, all exemptions except those already accorded to established firms were to be terminated by 31 December 2008. However, according to Law No. 5810 of 12 November 2008 (amending Law No. 3218) only free-zone users operating under a production licence may be exempted from income and corporate taxes. This exemption applies until the end of the taxation period of the year in which Turkey becomes a full member of the EU.[190]

Enterprises established in the free zones are active in a wide range of areas, including high-technology products, leather goods, and **storage** facilities. All industrial, **commercial** and **service** operations deemed appropriate by the Supreme Planning Board may be conducted in the Free Zones, under Article 10 of the Free Zones Regulation. Offshore banking and insurance business is not allowed. […].

Pp. 98-98, para. 67 and Box IV.1

(i) Banking

[…] The Savings Deposit Insurance Fund (SDIF) was given a key role in the protection of public rights and the management and disposal of assets of banks entering into administration or liquidation procedures (Box IV.1). The overhaul of the Turkish banking system, including the restructuring of public banks, is estimated to have cost the Government some US$53.6 billion.

[184] Ministry of Tourism (2009).
[185] Faridabad, Gurgaon, Gautam Budh Nagar, and Ghaziabad (Ministry of Tourism, 2009).
[186] Originally the incentive was granted for hotels developed up to 31 March 2010. An extension to 31 July 2010 was granted to speed up the construction of the accommodation needed for the Commonwealth Games in October 2010 (*The Financial Express*, "Tourism ministry seeks 5-yrs tax holiday extension for Games hotels till July 31", 20 January 2010).
[187] Excluding Delhi and Mumbai districts.
[188] Ministry of Tourism (2010a).
[189] Ministry of Finance (2011a).
[190] Free zone users obtaining an operating licence other than for production after 6 February 2004 do not benefit from income and corporate tax exemptions. For tenants holding an operating licence on that date, the corporate tax exemption has remained applicable for the period of validity of the operating licence, whereas income tax on wages became payable as from 2009.

Box IV.1: Turkey's Savings Deposit Insurance Fund

Established in 1983 to ensure deposits, and granted an additional role to strengthen and restructure banks (in 1994), the SDIF originally reported to the Central Bank of Turkey. The Banking Law adopted in 1999 transferred the representation and administration of the SDIF to the newly founded BRSA. The SDIF became a separate legal entity in 2003.

In all, 25 banks were taken over by the SDIF between 1994 and 2003. The banks were resolved through merger, sale, or direct liquidation. Among the 25 banks, 6 were under direct liquidation, 4 were sold directly, 6 were disposed of through mergers, 1 was merged with a public bank, and 8 were transferred to the "Joint Fund Bank Inc.", which is limited to operations directly related to asset liquidation as a "transition bank".

The average settlement process for the banks taken over by the SDIF was 14 months, except for the 6 banks in the process of liquidation and the Joint Fund Bank Inc. The **losses of the banks transferred to the SDIF** totalled US$23.2 billion, and the resources transferred to the banks by the SDIF amounted to US$30.2 billion, including nearly US$6.6 billion in depositor compensation following the collapse of a major bank in 2003. The balance sheet of the Joint Fund Bank Inc. has been scaled down significantly since 2006. At the end of 2009, the bank's loan portfolio had been reduced to TL 193 million, including TL 61 million in non-performing loans. As of the end of 2010, the SDIF had collected US$19.7 billion from the resolved banks.

The SDIF guarantees deposits up to TL 50,000 per customer (per bank) in lira, foreign currency or gold. Membership in the scheme is compulsory for all banks accepting deposits in Turkey. The SDIF is funded by a risk-based premium collected quarterly from the participating banks. If necessary, the SDIF may also borrow government securities from the Treasury, receive advances from the Central Bank, or collect insurance premiums in advance. At the end of 2010, the 36 member banks held deposits totalling US$401.5 billion, of which US$99.5 billion was insured. The SDIF reserve amounted to US$5.4 billion.

Source: BRSA (2010), *From Crisis to Financial Stability Turkey Experience*, Working Paper (Revised Third edition), 3 September. Viewed at: http://www.bddk.org.tr/WebSitesi/english/Reports/Working_Papers/8675from_crisis__to_financial_stability__turkey_experience_3rd_ed.pdf; and the SDIF.

P. 99, para. 68

The global financial crisis in 2008-09 led to a surge in non-performing loans in the Turkish banking sector, but **no intervention was needed to rescue individual banks.**[191] […]

P. 103, para. 84

(iii) Transport

(a) Maritime transport

[…] In addition to the **special tax incentives** offered through the international register, flying the Turkish flag allows the vessels to perform cabotage operations in Turkish waters and a 10% price preference in bidding for the transport of public cargoes or strategic raw materials.[192] […].

P. 104, para. 90

(c) Rail transport

The Turkish State Railways (TCDD) has a *de jure* monopoly in providing rail passenger and freight transport services in Turkey. The TCDD owns and operates the entire railway system. The reorganization and restructuring of the **loss-making** TCDD has been a key area of reform under the Ninth Development Plan (2007-2013). […].

[191] The guarantee of deposits was unlimited between 1994 and 2000, and the unlimited coverage was reintroduced during the crisis in 2001. The present guaranteed amount (TL 50,000) has remained unchanged since 2003. However, as a precautionary step, authority to determine the coverage and amount was transferred from the SDIF to the Council of Ministers in November 2008 for a period of two years. Temporary relaxed rules on loan provisioning and restructuring were ended on 1 March 2011.

[192] Pursuant to the Cabotage Law, merchant maritime transport and passenger services, pilotage, and all other port services may only be provided by Turkish-flag ships. For further details regarding the incentives and privileges, see WTO (2003) and WTO (2007).

P. 106, para. 100

(iv) Tourism

The Government provides a number of **incentives** for investments in **tourist** facilities, including the allocation of public land on 49-year leases, the provision of water and electricity at low rates, **tax exemptions on imported goods,** as well as **exemptions from VAT and other taxes** on purchases of local products. Many tourism projects are being contemplated as public-private-sector partnerships, constructed on a build-operate-transfer or similar basis.

42 CHINA - WT/TPR/S/264/REV.1 (4TH REVIEW, 20 JULY 2012)

P. 65, para. 170

(3) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Taxation and tax incentives

(a) Overview

Since 2011, **preferential taxes** have been granted on energy-management contract projects for eligible **energy services companies,** in accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning the Value-added Tax, Business Tax and Enterprise Income Tax Policies for Promoting the Development of the Energy Services Sector (Cai Shui 110/2010). Energy services companies that meet prescribed conditions on contract-based energy management projects are exempted from the business tax and the value-added tax.

P. 67, para. 183

(d) Tax incentives

Under the Enterprise Income Tax Law, incentives are given to enterprises investing in less developed regions, such as western China, and for investment in activities encouraged by the Government, such as agriculture, environmental protection, renewable energy, **software** and integrated circuits industries, and **securities investment and fund development.** […].

Pp. 68-69, paras. 189-190

(ii) Subsidies and other government assistance[193]

(a) General features

The use of subsidies and other government assistance appear to be an important feature of China's trade policy making. However, because of the limited information made available to the Secretariat, it is difficult to confirm this. In general, very few details are available on China's subsidies and other government assistance, particularly at the sub-central level, on their type and size, the financial outlays involved, and the objectives of the programmes and their results.

Government assistance to business is granted at the central and sub-central (e.g. provincial) levels. The main instruments of support are **direct grants, subsidized loans, and tax benefits,** which include exemption or reduction of value-added tax, enterprise income tax, and import duties.

[193] The use of the term "subsidies" in this report is not confined to the definition provided in Article 1 of the Agreement on Subsidies and Countervailing Measures.

Pp. 69-70, paras. 195 and 197

(b) Assistance to the energy sector and to undertakings aimed at environmental protection

[…] **Construction** projects for electricity generation from renewable energy benefit from subsidized loans.[194]

Under the Golden Sun Demonstration Project[195], which aims to provide assistance for construction projects of solar power generation, **construction** investment may receive grants up to 50% for power generation and distribution and up to 70% for projects in remote regions not covered by the national power grid.[196] Grants are also accorded to projects to build solar power panels for buildings in urban and rural areas.[197]

P. 157, para. 258

(5) SERVICES

(iv) Transport

(c) Air transport

According to the Chinese authorities, there is no specific support or subsidy policy for domestic airlines except for support to national airlines opening feeder routes to connect remote areas or areas with backward economic development, so as to ensure **universal service.** […]

P. 159, para. 270

(iv) Transport

(d) Rail transport services

Trade regime

[…] The Ministry of Railways is both the regulator and the operator of the national railway network and carries out its operations through its railway enterprises and particularly its regional railways bureaux. However, the system is to be reformed with a view to separating the regulatory functions from the operational functions. The rail price-setting mechanism will be further reformed as will the mechanisms for investment in and financing of rail construction and for the **subsidization of public rail transport services.** […].

P. 168, para. 322

(vii) Postal and courier services

[…] At present, the scope of postal enterprises' exclusive rights is being specified by relevant authorities. The state **subsidizes** the postal enterprises for the provision of **universal postal services,** which are defined as the delivery of correspondence, printed matters not heavier than

[194] The State Development Planning Commission (SDPC) and the Ministry of Science and Technology (MOST) Joint Circular on Issues Concerning Further Support to Renewable Energy Development (in Chinese). Viewed at: http://www.crein.org.cn/paperfiles/paper/state-document/SDPC/002.htm.

[195] Ministry of Finance Circular Cai Jian 2009/129, 23 March 2009. Viewed at: http://www.gov.cn/zwgk/2009-03/26/content_1269258.htm.

[196] To be eligible for the assistance, projects must, *inter alia*, be selected in a regional implementation programme for the Golden Sun Demonstration Project, and each individual project's capacity must be less than 300kW.

[197] To be eligible, each individual project's capacity must not be less than 50kW. Grants at the rate of ¥20/W are accorded to projects deemed to integrate opto-electronic parts into building materials or construction parts. Grants at the rate of ¥15/W are accorded to projects deemed to integrate opto-electronic parts into the surface of buildings. For details, see Interim Administration Measures for Fiscal Subsidy Fund for Optoelectronic Application Buildings (in Chinese). Viewed at: http://www.gov.cn/zwgk/2009-03/26/content_1269258.htm.

5 kg, and parcels not heavier than 10 kg each, and postal remittance. A universal postal service fund will be set up to support the provision of universal postal services. [...].

P. 175, para. 355

(ix) Logistics services

The Bohai Bay Region has high logistics demand and freight traffic; Shandong Province has the highest freight traffic volume in China. Logistics activities in Tianjin, the economic centre of North China, are currently centred around Tianjin Airport and the Binhai New Area, which consists of the Tianjin Port and the Tianjin Economic Technological Development Area (TEDA). The central government has identified logistics as a key growth area for the city, and strongly **supported** municipal plans to develop the Binhai New Area and enhance the city's logistics infrastructure. [...].

43 SINGAPORE - WT/TPR/S/267/REV.1 (6TH REVIEW, 18 OCTOBER 2012)

P. 41-42, para. 68

(3) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Incentives

Singapore maintains a wide array of incentive schemes in the form of **tax incentives** and **grants** to assist companies. These, *inter alia*, are intended to encourage Singapore-based companies to expand and internationalize production; invest in research and development (R&D) and training; promote investment in technology; access procurement opportunities and support the development of small and medium sized enterprises (SMEs) and start-up companies. A number of incentive schemes are also geared towards making Singapore attractive as a centre for **services activities** and a base for global or regional headquarters.

P. 43-44, para. 73 and Box III.1

Major new incentive schemes introduced over the review period are summarized in Box III.1. [...]. As noted in Singapore's previous Review, there are no publicly available studies on tax revenue foregone as a result of tax incentives offered.

Box III.1: New incentive schemes, 2008-12

Fiscal incentives	
[...]	
Tax incentives for ship brokers and forward freight agreement (FFA) traders	Introduced in 2010 Budget. Concessionary corporate income tax rate of 10% (on incremental income derived from ship broking and FFA trading) for ship brokers and FFA traders. Scheme is for a five-year period (April 2010 to March 2015). Scheme has been subsumed under the Maritime Sector Incentive (see Chapter IV(2)(iv)).
Incentive to promote insurance and re-insurance broking activities	Introduced in 2008 Budget. 10% tax rate (for up to ten years) on fees and commissions of qualifying direct and reinsurance brokers from insurance broking and advisory services to non-Singapore-based clients. Incentive valid until March 2013 and administered by the Monetary Authority of Singapore (MAS).
[...]	

Source: Singapore Budgets 2008-2010. IRAS online information. Viewed at: http://www.iras.gov.sg.

IV. TRADE POLICIES BY SECTOR

(2) Services

P. 58, paras. 11 and 12

(ii) Financial services

The MAS offers various incentives to financial institutions (Table IV.3). The main **tax incentive** is the Financial Sector Incentive (FSI), which offers concessionary tax rates of 12% or 10% or 5% on income from qualifying activities that are important to Singapore's financial sector growth. Financial institutions (both foreign and national) may obtain these incentives if they meet the qualifying criteria. The MAS monitors the effectiveness of all incentives through a series of post-implementation reviews, which are neither published nor publicly available.

Singapore has evolved into a major asset-management centre over the past few years, with assets reaching S$1.4 trillion in 2010 (up from S$891 billion at end 2006), 80% was from international sources. The Government and the MAS are encouraging the development of a fund-management industry to attract well-recognized firms to Singapore. Fund managers approved under the FSI-Fund Management award are accorded a **concessionary corporate tax rate of 10% on income from fees and commissions** derived from qualifying funds managed, investment advisory services provided or loans of securities arranged by such managers in Singapore.[198]

Pp. 59-60, Table IV.3

Table IV.3

Incentives schemes offered by the Monetary Authority of Singapore, 2012

Scheme and summary description	Changes over review period
Asset Securitization **Tax exemption** for income derived from asset securitization arrangements through Approved Special Purpose Vehicles (ASPVs) based in Singapore. Tax concessions for withholding tax, stamp duty, and GST concession for qualifying transactions	Renewed in the 2008 Budget until 2013.
Fund Management Incentive Scheme Qualifying funds benefit from a **tax exemption** on specified income from designated investments, subject to investor residency conditions	The 2009 Budget introduced an enhanced tier that does not impose any investor residency conditions, subject to the fund meeting certain economic commitments. The scheme is open to fund vehicles in the form of companies, trusts, and limited partnerships. All fund management schemes expire 31 March 2014.
Locally Administered Trust (i.e. Domestic Trust) **Tax exemption** for specified income (by qualifying local trusts and eligible underlying holding companies that are administered by a trustee company in Singapore) that would not have been taxable if received directly by any individual	None
Tax incentive for trustee company **Tax concession** on qualifying fee income derived by an approved trustee company from providing trustee services to certain trusts (i.e. trusts under a foreign trust scheme)	As a result of the 2011 Budget, a sunset clause of 31 March 2016 was imposed on the scheme and an incentive tenure of 10 years was introduced to the recipients of this scheme. The scope of qualifying activities was also expanded.

[198] Specific requirements for obtaining AFM status include that the activities pursued should be important to Singapore's financial-sector development objectives. The AFM scheme merged into the FSIF, which entered into effect in January 2004.

Scheme and summary description	Changes over review period
Foreign Trust **Tax exemption** on specified income from designated investments received by the foreign trust	None
Foreign Charitable Purpose Trusts Tax exemption on specified income from designated investments made by qualifying charitable-purpose trusts or their eligible holding companies	None
Financial Sector Incentive Scheme (FSI) A) **Tax concessions** on income derived from FSI-Standard Tier and FSI-Enhanced Tier qualifying activities in the debt capital market, equity capital market, treasury, fund management, and headquarter services, etc.	Renewed in the 2008 Budget for 2009-13, and enhanced to give 5% concessionary tax rate for five years on income from Sharia compliant activities. As a result of the 2010 Budget, the list of incentivized activities was updated. Over the review period various schemes were subsumed under the FSI scheme: the Commodities Derivatives Traders (CDT) scheme; the Futures Members of the Singapore Exchange (SGX).
Financial Sector Incentive Headquarter Services (FSI-HQ) Scheme **10% concessionary tax rate** on qualifying income derived from providing qualifying services to qualifying network companies	Enhanced in the 2009 Budget to, *inter alia*, grant withholding tax exemption (on an application basis) on interest payments on qualifying loans taken by a FSI-HQ company.
Offshore Insurance Business Incentive 10% tax (for up to 10 years) on qualifying income derived from an offshore insurance business conducted in Singapore	Enhanced in the 2008 Budget to provide 5% concessionary tax rate (for five years) on income from offshore Islamic insurance. Approval period 2008-13. As a result of 2010 Budget, the scheme (excluding the offshore Islamic concession) was extended until 2015.
Tax incentive for Captive Insurers and Tax Incentive for Marine Hull and Liability Insurers Tax exemption on qualifying income derived by approved captive insurers/insurers from marine hull and liability insurance business, for up to 10 years	As a result of the 2011 Budget, the tax incentive for captive insurers was extended until 31 March 2018, while a sunset clause of 31 March 2016 was introduce for the tax incentive for marine hull and liability insurers. For both incentives, an award renewal framework was introduced for incentive recipients with effect from February 2011.
Tax incentive for Specialised Insurers Tax exemption on qualifying income derived by approved insurers from a qualifying offshore specialized insurance business for five years	As a result of the 2011 Budget, the scheme was extended until 31 August 2016. An award renewal framework was introduced for incentive recipients.
Bond Market Incentives Tax exemption on income from (a) qualifying debt securities (QDS) and (b) trading in Singapore Government Securities by primary dealers	As a result of the 2008 Budget, the scheme was extended until 2013. The scheme was also enhanced to exempt all investors from income tax on qualifying income derived from Islamic bonds and debt securities of at least ten years.
Withholding Tax Exemption Regime for Banks Banks may benefit from withholding tax exemption on interest and other qualifying payments made to their branches or other banks outside Singapore	Liberalized as a result of the 2011 Budget. A withholding tax exemption is granted on interest and other qualifying payments made by banks and finance companies to all non-resident persons. A sunset clause of 31 March 2021 was also imposed on the scheme.
Incentive Schemes for Project Finance Package of tax incentives for promoting project finance targeted at investors, intermediaries, and financing vehicles	As a result of the 2011 Budget, these schemes (excluding FSI-PF) were extended until 2017.

Source: Information provided by the authorities of Singapore.

P. 71, para. 54, Table IV.7 and para. 55

(iv) Transport

(a) Maritime transport

To develop Singapore as a leading international maritime centre, the MPA collaborates with industry partners to provide shipping companies with a one-stop location for port, shipping, and other maritime activities, as well as services in ship management, ship financing, marine insurance, ship broking, maritime legal services, and marine and offshore engineering. Singapore has consolidated all **tax incentive schemes** for the maritime sector under the Maritime Sector Incentive (Table IV.7).

Table IV.7

Main features of the Maritime Sector Incentive, 2011

Name of award	Major benefits
MSI-Singapore Registry of Ships (MSI-SRS)	Qualifying income derived from operating or chartering of a Singapore-registered ship outside the port limits of Singapore is **tax-exempt.**
MSI-Approved International Shipping Enterprise (MSI-AIS)	Qualifying income derived by an approved company from operating or chartering of Singapore- and foreign-flagged vessels outside the port limits of Singapore is **tax exempt** for up to 10 years, with the possibility of extension for further periods of 10 years up to a total of 30 years.
MSI-Shipping-related Support Services (MSI-SSS)	Qualifying incremental income derived from the provision of shipping-related support services by an approved company is eligible for a **concessionary tax rate** of 10% for five years.
MSI-Maritime Leasing (MSI-ML)	An approved ship/container investment vehicle benefits from 0%, 5% or 10% tax on qualifying income for 5 years. The approved manager benefits from a **concessionary tax rate** of 10% for 5 years.

Source: Singapore authorities.

The MPA also provides maritime companies with **other support schemes,** such as the S$100 million Maritime Innovation and Technology (MINT) Fund and the S$100 million Maritime Cluster Fund (MCF), to encourage maritime research and development, as well as manpower and business development needs.

Pp. 71-72, para. 57

(b) Air transport

Overview

[…] The Civil Aviation Authority of Singapore (CAAS) has been restructured to separate its strategic and regulatory functions from the management of the airport, to allow the new airport company greater flexibility in operating in an increasingly competitive environment. The CAAS has launched a **new incentive scheme** (Aviation Development Fund) to enhance the competitiveness of the Singapore aviation industry.

P. 77, para. 74

(v) Professional services

(b) Developments over the review period (2008-12)

Incentives have been introduced to encourage law practices to do more international services work from Singapore. As a result of the 2010 Budget, the Development and Expansion incentive (DEI) scheme was extended to international legal services. The incentive is open to law practices that are incorporated as companies in Singapore. Law practices awarded the incentive will enjoy a **10% concessionary tax rate** for a period not exceeding 5 years on their qualifying income derived from the provision of international legal services in Singapore, in excess of a base (Chapter III(3)(i)).

44 REPUBLIC OF KOREA - WT/TPR/S/268/REV.1 (6TH REVIEW, 8 NOVEMBER 2012)

P. 39, para. 61

(7) Foreign Investment Regime

Korea provide a range of **tax incentives** for FDI (Table II.2), for limited periods, and on an MFN basis to foster a more favourable business climate for new foreign-invested companies, particularly during the initial stages of their investment in Korea. These generally consist of: **full and partial corporate income tax concessions** for up to seven years (since 2005); similar **concessions on various local taxes** (acquisition, property, and property taxes); and **full exemptions from customs duties** (customs, special excise, and value-added taxes) on imported capital goods for up to three years. Following the 2010 amendment to the Special Tax Treatment Control Law, the cumulative tax incentive is limited to an aggregate of 50%-70% of the investment amount and ₩ 10 million per new employee (up to a maximum of 20% of the investment amount).[199] The incentives apply to "greenfield" FDI (where no previous investment exists)[200], and foreign stock acquisitions in eligible advanced-technology investments and **industry-supporting service industries.** […] Minimum FDI levels for these tax incentives apply to firms established in foreign investment zones (FIZs), free-trade zones (FTZs), free economic zones (FEZs), etc. (Table II.2). The scope of these incentives was expanded as of January 2011, to cover the **services sector activities in these special economic zones**[201]; furthermore, the MKE aims to extend tax incentives to the **services** sector by the end 2012 by amending relevant legislation.

Pp. 40-41, Table II.2

Table II.2

Summary of FDI tax incentives, 2012

(a) National tax (corporation tax, income tax) and local tax[a] (acquisition tax, property tax) reduction

Business category	Investment amount	Reduction period and details	Remarks
1. Industry support service & high degree technology business		Seven years in total according to the following ratio (amount multiplied by the foreign investment ratio) - 100% for five years after income creation - 50% for next two years	With more than ten employees with Master's degree or above
2. Businesses in stand-alone-type foreign investment zones (FIZ)[b]			
Manufacturing	Over US$30 million		
Tourism	Over US$20 million		
Logistics	Over US$10 million		
R&D	Over US$2 million		
3. Businesses in complex-type foreign investment zones (FIZ)		Five years in total according to the following ratio (amount multiplied by the foreign investment ratio) - 100% for three years after income creation - 50% for next two years	
Manufacturing	Over US$10 million		
4. Businesses in free-trade zones (FTZ)			
Logistics	Over US$5 million		
5. Businesses in free economic zones			
Manufacturing	Over US$10 million		

---

[199] Previously, the Special Tax Treatment Control Law waived corporate income tax for certain types of high-tech FDI and investment in certain foreign-investment zones. The waiver was full exemption for the first five years, with a 50% waiver in the sixth and seventh years (EIU, 2011a).

[200] The number of FDI-driven greenfield projects concluded in Korea increased from 88 in 2008 to 112 in 2010 (UNCTAD, 2011b).

[201] The Government has long pushed for the expansion of tax incentives to the services sector, including the medical industry, in order to encourage inward FDI in the sector (MKE information, "Free Economic Zone Promotion Plan", 1 September 2010, and "Modification of the Enforcement Decree on the FDI Act", 5 October 2010, cited in UNCTAD, 2011b).

Business category	Investment amount	Reduction period and details	Remarks
Tourism	Over US$10 million		
Logistics	Over US$5 million		
Medical institution	Over US$5 million		
6. Free economic zone (FEZ) developer			
–	Over US$30 million; over 50% of foreign shares and US$500 million on business costs		
7. Businesses in business city development zone			
Manufacturing	Over US$10 million[c]		
Engineering			
Additional **communication**			
Information processing & other computer operation-related businesses			
Science & technology service			
Tourism			
Culture industry			
Various facilities			
Renewable energy generation			
R&D	Over US$2 million[d]		
Logistics	Over US$5 million[e]		
8. Business city developer			
–	Over US$30 million; over 50% of foreign shares and US$500 million on business costs		
JEJU INTERNATIONAL FREE CITY			
9. Businesses in Jeju high-tech science and technology complex			On condition of entry by 31 December 2012, reduction only for national tax
Bio engineering			
Information communication			
Culture industry			
High-tech and products			
10. Businesses in Jeju investment promotion district		Five years in total (unrelated to foreign investment ratio) - 100% for three years after income creation - 50% for next two years	On condition of entry by 31 December 2012
Tourism			
Culture industry			
Various facilities			
Renewable energy generation			
Electronics, electrical, information, new material, and bio engineering industries	Over US$5 million		
Foreign educational institutions[f]			
Medical institutions			
11. Businesses in free-trade zones			On condition of entry by 31 December 2012
Manufacture	Over US$10 million with more than 100 full-time employees		
Logistics	Over US$5 million		
12. Jeju investment promotion district developers		Five years in total according to the following ratio (amount multiplied by the foreign investment ratio) - 100% for three years after income creation - 50% for the next two years	
–	Over 50% of foreign shares and US$100 million on business costs		
–	Over US$10 million		

(b) Exemption of tariffs, special excise tax, value-added tax, etc.

Business category	Taxes	Items	Remarks
Industry support service & high degree technology business	Tariff; special excise tax; value-added tax	Capital goods imported with invested cash or as investment object	On condition of import within five years from the day of declaring foreign investment
Businesses in stand-alone type foreign invested zones (FIZ)	Tariff; special excise tax; value-added tax		
Businesses in complex-type foreign invested zones (FIZ)	Tariff		
Businesses in free trade zones (FTZ)			
Businesses in free economic zones (FEZ)			
Free economic zone (FEZ) developer			
Jeju International free city Businesses in Jeju high-tech science and technology complex	Tariff	Tariff reduced goods under Item 5, paragraph 1, Article 90 of the Customs Law for use in R&D	On condition of import by 31 December 2012
Businesses in Jeju investment promotion district	Tariff	Goods for which import declarations are made within three years from the day of designation as Jeju investment promotion district, which has been checked by the director of the Jeju International Free City Development Center	

a According to the local government regulations, the period of local tax reduction may be extended up to 15 years, or the reduction ratio may be increased.
b Free-export zones (Iksan, Massan) are considered as stand-alone-type foreign investment zones, with no limitations on investment amount for establishing factory facilities.
c On condition of entry before 31 December 2012, a choice is given between this reduction and the business city development zone related reduction of national and local tax "regardless of foreign investment ratio" upon an investment of over ₩ 10 billion.
d On condition of entry before 31 December 2012, a choice is given between this reduction and the business city development zone related reduction of national and local tax "regardless of foreign investment ratio" upon an investment of over ₩ 2 billion.
e On condition of entry before 31 December 2012, a choice is given between this reduction and the business city development zone related reduction of national and local tax "regardless of foreign investment ratio" upon an investment of over ₩ 5 billion.
f Foreign education institution and international high school.

Source: WTO document WT/TPR/S/204/Rev.1, 4 December 2008; and information provided by the Korean authorities.

<u>Pp. 86-87, para. 145</u>

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Taxation

(c) Tax incentives

[…] SMEs benefit substantially from tax incentives.[202] SMEs in **wholesale, retail, medical services, or auto repairs** located in non-metropolitan areas receive a 5% rate reduction. SMEs also receive larger tax incentives than those generally available, for example, much larger tax credits for investment in technology and human resource development.

[202] See WTO document WT/TPR/S/204/Rev.1, 4 December 2008 for more details.

P. 87, para. 148

(ii) Financial assistance

(a) Loans, guarantees, and other financial measures

State-owned financial institutions have a major role in assisting Korea's industrial development. State intervention dominates the large venture capital market, which benefits mainly SMEs. Venture capital is invested through venture capital firms (VCFs) and limited partnership funds (LPFs). Since 2005, the Fund of Funds, has invested in LPFs and contributed to the formation of the private venture investment market. In late 2011, the Fund of Funds amounted to ₩ 1.36 trillion (₩ 630.1 billion in 2007), was mostly financed by government funds, and had invested in five areas (SMEs, **culture, broadcasting, movies,** patents). The number of venture corporations increased from 7,967 in 2004 to 24,645 in 2010.

P. 90, para. 161

(iii) State-owned enterprises and privatization

State involvement in the economy (Table III.4) persists despite recent privatization efforts, particularly in the **services** sector (Chapter IV). […]. No recent data were available from the authorities on employment by SOEs (88,000 in 2008) or their assets (US$267 billion in 2008) or data relating to their contribution to GDP, their incidence in domestic production and trade (domestic, foreign), **losses** occurred by their operations, and **budget outlays provided to cover them** (since 2008).

P. 139, para. 84

(iv) Financial services

(a) Banking and finance

Restructuring

Since the 1997 financial crisis, financial sector restructuring has been focused on improving the financial infrastructure. Between November 1997 and June 2010, total **government support** for financial restructuring was ₩ 168.6 trillion, of which ₩ 63.5 trillion was used for **recapitalization,** ₩ 38.5 trillion for the purchase of non-performing loans, and ₩ 30.3 trillion for the payment of deposit insurance claims.[203] […].

P. 150, paras. 123-124

(vi) Transport

(a) Maritime transport

The Government does not intervene directly in providing shipping services, but provides various **financing and tax schemes** to assist shipping companies; no data on budgetary costs of these schemes since 2008 were available from the authorities. […].

Vessels registered at the Jeju and Seogwipo ports in Jeju island benefit from **local tax breaks** relating to acquisition and property taxes. […].

[203] Bank of Korea (2010).

P. 152-153, para. 133

(c) Land transport

[…] Bus companies receive **partial subsidies for losses,** in the form of matching central-local government funds (total support provided to buses was ₩ 174 billion in 2011), and, along with taxi operators, receive a portion of the fuel tax revenue back as a subsidy; this amounted to ₩ 940 billion in 2011.

45 NORWAY - WT/TPR/S/269/REV.1 (6TH REVIEW, 13 NOVEMBER 2012)

P. 105, paras. 111-112

IV. TRADE POLICIES BY SECTOR

(6) SERVICES

(i) Financial services

Despite strong credit growth and aggressive lending practices during 2004-07, Norwegian financial institutions were able to tackle the effects of the global financial crisis **with only moderate government intervention** compared with other countries. Drawing upon Norway's experience of a deep financial sector crisis in the early 1990s, the authorities acted swiftly to ensure access to liquidity and longer-term funding. The Financial Supervisory Authority introduced a temporary ban on short selling in financial shares in October 2008.[204] Two weeks later, Parliament authorized the Ministry of Finance to **swap government securities against collateral or in return for Norwegian covered bonds** (OMF) within a limit of NKr 350 billion. The Government followed up with the launch of a credit package in February 2009, including the establishment of a Government Bond Fund with capital of NKr 50 billion, and a **State Finance Fund** (also with capital of NKr 50 billion).[205] The purpose of the two funds was to help banks maintain normal lending to enterprises and households. As deposits were already considered sufficiently insured through the Norwegian Banks' Guarantee Fund (Box IV.2), no extension of existing guarantees was deemed necessary.[206]

Following the approval of the capitalization scheme by the EFTA Surveillance Authority, the State Finance Fund began operations in May 2009 and set a deadline for applications for **capital injections** of 30 September 2009. In all, 28 banks were granted funding totalling NKr 4.1 billion. As the capital provided was relatively expensive and introduced caps on, *inter alia*, the payment of dividends, banks had an incentive to replace these contributions with equity or other forms of market-based funding on commercial terms in a normal functioning market. During 2010 and 2011, ten banks chose to repay in full the capital received from the State Finance Fund, and the outstanding capital of the Fund totalled NKr 631.3 million at the end of 2011.[207]

[204] The rules regarding short selling were made stricter in 2010.
[205] Banks seeking capital injections from the State Finance Fund would have to accept disciplines on executive pay and bonuses.
[206] However, intervention was required with the collapse of one Icelandic-owned Norwegian bank and the Norwegian branch of another Icelandic bank in October 2008. Glitnir Bank ASA was sold to a group of Norwegian savings banks, while Kaupthing Bank hf NUF was wound-up and all deposits repaid.
[207] Ministry of Finance (2012).

P. 110, para. 133

(iii) Maritime transport

[…] A system of **net salaries** for **ships' crews** employed on NOR-registered vessels has also been continued. Thus, Norway's tax regime for shipping companies is comparable to those applied by EU member states and compatible with the state aid rules in the EEA. The Norwegian Maritime Strategy, presented by the Government in 2007, advocates global regulation of the maritime industries to prevent tax competition.[208] Norway would back international initiatives to reduce state tax subsidies to maritime transport.

[208] Ministry of Trade and Industry (2007).

ANNEX 3

TABLE OF CONTENTS OF REVIEWED TPR REPORTS

____