

WORLD TRADE ORGANIZATION

G/SCM/Q2/CHN/4
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(02-6052)

Committee on Subsidies and Countervailing Measures

SUBSIDIES

Questions Posed by MEXICO to the PEOPLE'S REPUBLIC OF CHINA under its Protocol of Accession and Article 25.8 of the SCM Agreement

The following communication, dated 31 October 2002, has been received from the Permanent Mission of Mexico.

Questions by Mexico with regard to China's Transitional Review Mechanism on Subsidies and Countervailing Measures and to Article 25.8 of the SCM Agreement

1. Please list and explain all of the subsidies, as defined in Article 1 of the Agreement on Subsidies and Countervailing Measures, granted at the national and subnational level to enterprises in the following sectors (including those that are horizontal in application):

- Leather and footwear;
- textiles and clothing;
- electric and electronic products;
- iron and steel (including steel products);
- chemical;
- automotive industry (autoparts and automobiles).

2. Please identify the requirements for a company to be considered a foreign direct invested enterprise devoted to exports. Please also state whether such enterprises enjoy income tax exemptions or rebates, and whether additional exemptions and rebates are granted to such companies if they are set up in the special economic zones. Please specify exactly what these rebates consist in, and whether they are related to export results.

3. Please explain what is currently stipulated in the Foreign Investment Enterprise Law, which would appear to require enterprises with foreign capital to export a percentage of their production in order to be eligible for tax breaks.

4. We would be grateful if you could provide your replies in writing, together with all of the relevant legal instruments.
