



BILLING CODE 3290-F5

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE**

**[Dispute No. WT/DS489]**

**WTO Dispute Settlement Proceeding Regarding Certain Measures Providing Export-Contingent Subsidies to Enterprises in Several Industrial Sectors in China**

**AGENCY:** Office of the United States Trade Representative.

**ACTION:** Notice; request for comments.

**SUMMARY:** The Office of the United States Trade Representative (“USTR”) is providing notice that on February 11, 2015, the United States requested consultations with the Government of the People’s Republic of China (“China”) under the *Marrakesh Agreement Establishing the World Trade Organization* (“WTO Agreement”) concerning certain measures providing export-contingent subsidies to enterprises in several industrial sectors in China. That request may be found at [www.wto.org](http://www.wto.org), contained in a document designated as WT/DS489/1. USTR invites written comments from the public concerning the issues raised in this dispute.

**DATES:** Although USTR will accept any comments received during the course of the dispute settlement proceedings, comments should be submitted on or before April 15, 2015 to assure timely consideration by USTR.

**ADDRESSES:** Public comments should be submitted electronically at [www.regulations.gov](http://www.regulations.gov), docket number USTR-2015-0004. If you are unable to provide submissions at [www.regulations.gov](http://www.regulations.gov), please contact Sandy McKinzy at (202) 395-9483 to arrange for an alternative method of transmission.

If (as explained below) the comment contains confidential information, then the comment should be submitted by fax only to Sandy McKinzy at (202) 395-3640.

**FOR FURTHER INFORMATION CONTACT:** Arthur Tsao, Assistant General Counsel, Office of the United States Trade Representative, (202) 395-3150.

**SUPPLEMENTARY INFORMATION:** USTR is providing notice that consultations have been requested pursuant to the WTO *Understanding on Rules and Procedures Governing the Settlement of Disputes* ("DSU"). If such consultations should fail to resolve the matter and a dispute settlement panel is established pursuant to the DSU, such a panel, which would hold its meetings in Geneva, Switzerland, would be expected to issue a report on its findings and recommendations pursuant to Article 12 of the DSU.

### **Major Issues Raised by the United States**

On February 11, 2015, the United States requested consultations with China concerning certain measures providing export-contingent subsidies to enterprises in several industrial sectors in China. It appears that China provides export-contingent subsidies through a program establishing "Foreign Trade Transformation and Upgrading Demonstration Bases" ("Demonstration Bases") and "Common Service Platforms". Demonstration Bases are industrial clusters of enterprises in several Chinese industries, including the textiles, agriculture, medical products, light industry, special chemical engineering, new materials, and hardware and building

materials industries. Common Service Platforms are service suppliers designated by China to provide services to enterprises in Demonstration Bases. China designates an industrial cluster of enterprises in a particular industry as a Demonstration Base and then provides export-contingent subsidies to the enterprises located in the Demonstration Base. These subsidies include the provision of discounted or free services through Common Service Platforms or the provision of cash grants. In addition, it appears that China provides certain other export-contingent subsidies to Chinese manufacturers, producers, and farmers.

The Demonstration Base / Common Service Platform program and the export subsidies at issue are reflected in legal instruments that include, but are not limited to, the instruments set out in the consultations request.

Because the Demonstration Base / Common Service Platform program and the export subsidies at issue provide subsidies contingent upon export performance to enterprises located in China, the measures appear to be inconsistent with Article 3.1(a) of the SCM Agreement, and China appears to have acted inconsistently with Article 3.2 of the SCM Agreement.

### **Public Comment: Requirements for Submissions**

Interested persons are invited to submit written comments concerning the issues raised in this dispute. Persons may submit public comments electronically to [www.regulations.gov](http://www.regulations.gov), docket number USTR-2015-0004. If you are unable to provide submissions by [www.regulations.gov](http://www.regulations.gov), please contact Sandy McKinzy at (202) 395-9483 to arrange for an alternative method of

transmission.

To submit comments via [www.regulations.gov](http://www.regulations.gov), enter docket number USTR-2015-0004 on the home page and click “search.” The site will provide a search-results page listing all documents associated with this docket. Find a reference to this notice by selecting “Notice” under “Document Type” on the left side of the search-results page, and click on the link entitled “Submit a Comment” (For further information on using the [www.regulations.gov](http://www.regulations.gov) website, please consult the resources provided on the website by clicking on “How to Use This Site” on the left side of the home page).

The [www.regulations.gov](http://www.regulations.gov) website allows users to provide comments by filling in a “Type Comments” field, or by attaching a document using an “Upload File” field. It is expected that most comments will be provided in an attached document. If a document is attached, it is sufficient to type “See attached” in the “Type Comments” field.

A person requesting that information, contained in a comment that he submitted, be treated as confidential business information must certify that such information is business confidential and would not customarily be released to the public by the submitter. Confidential business information must be clearly designated as such and the submission must be marked “BUSINESS CONFIDENTIAL” at the top and bottom of the cover page and each succeeding page. Any comment containing business confidential information must be submitted by fax to Sandy McKinzy at (202) 395-3640. A non-confidential summary of the confidential information must be submitted at [www.regulations.gov](http://www.regulations.gov). The non-confidential summary will be placed in the

docket and will be open to public inspection.

USTR may determine that information or advice contained in a comment submitted, other than business confidential information, is confidential in accordance with section 135(g)(2) of the Trade Act of 1974 (19 U.S.C. § 2155(g)(2)). If the submitter believes that information or advice may qualify as such, the submitter --

- (1) Must clearly so designate the information or advice;
- (2) Must clearly mark the material as “SUBMITTED IN CONFIDENCE” at the top and bottom of the cover page and each succeeding page; and
- (3) Must provide a non-confidential summary of the information or advice.

Any comment containing confidential information must be submitted by fax. A non-confidential summary of the confidential information must be submitted at [www.regulations.gov](http://www.regulations.gov). The non-confidential summary will be placed in the docket and will be open to public inspection.

Pursuant to section 127(e) of the Uruguay Round Agreements Act (19 U.S.C. 3537(e)), USTR will maintain a docket on this dispute settlement proceeding, docket number USTR-2015-0004, accessible to the public at [www.regulations.gov](http://www.regulations.gov). The public file will include non-confidential comments received by USTR from the public regarding the dispute. If a dispute settlement panel is convened, or in the event of an appeal from such a panel, the following documents will be made available to the public at [www.ustr.gov](http://www.ustr.gov): the United States' submissions, any non-confidential submissions received from other participants in the dispute, and any non-confidential summaries of submissions received from other participants in the dispute. In the event that a dispute settlement panel is convened, or in the event of an appeal from such a panel, the report of the panel, and, if applicable, the report of the Appellate Body, will also be available on the website of the World Trade Organization at [www.wto.org](http://www.wto.org). Comments open to public inspection may be viewed at [www.regulations.gov](http://www.regulations.gov).

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**Annelies Winborne,**

**Deputy Assistant United States Trade Representative  
for Monitoring and Enforcement**

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