

***BRAZIL – CERTAIN MEASURES CONCERNING  
TAXATION AND CHARGES***

**(DS472 / DS497)**

**RESPONSE OF THE UNITED STATES OF AMERICA  
TO BRAZIL'S QUESTION FOR THE THIRD PARTIES**

**March 29, 2016**

***Brazil understands that the European Union, during the hearing, presented two hypothetical situations regarding the parties' understanding of "contingent upon the use of domestic over imported products" in Article 3.1(b) of the ASCM.***

***The situations, as best as Brazil can recall them, are the following:***

- 1) A government grants a subsidy to a bicycle producer in its territory. The granting of the subsidy is made on the sale of each bicycle in that country;***
- 2) A government grants a subsidy to a bicycle producer on each bicycle assembled in its territory, with the requirement that the tyre be integrated into the product in that country.***

***Brazil would like to suggest two additional hypotheticals and ask the third parties to share their views with regard to the existence of a prohibited subsidy under Article 3.1(b) of the ASCM:***

- 3) A government grants a subsidy to a bicycle producer on each bicycle assembled in its territory, with the additional requirement that the tyre be produced in that country;***
- 4) A government grants a subsidy to a bicycle producer on each bicycle assembled in its territory, with the additional requirement that the tyre be purchased in that country.***

***Brazil would therefore appreciate receiving the comments of the third parties with regard to the hypothetical scenarios above, as regards the existence or not of a prohibited subsidy under Article 3.1(b) of the SCM Agreement, as well as any precisions or other additional situations they may wish to present.***

1. The United States refers Brazil to the Response of the United States to the European Union's Questions to Third Parties.