*A Trade-Related Dispute*

A and B are members of the World Trade Organisation.

Country A’s enterprises are manufacturing motorcars. Those motorcars are manufactured within A’s territory. A is known to give tax exemptions to its manufacturers, in that they are subject to a decrease of income tax by 20%. Many of those manufacturers are known to export cars outside A’s territory.

A makes the decrease contingent on several factors:

a) that an enterprise should be based in A’s territory

b) that an enterprise should have tax residence in A’s territory

c) that an enterprise mainly uses parts manufactured within A’s territory

d) that an enterprise has been operating for no less than 3 fiscal years.

Review this case on the basis of the SCM Agreement <https://www.wto.org/english/docs_e/legal_e/24-scm.pdf>

Is this situation covered by the SCM Agreement? If so, is it prohibited thereby?

*Additional information (to be filled in by the panel)*

*……….*