

- o the provision of capital, loans, or loan guarantees on terms inconsistent with commercial considerations;
- o the provision of goods or services at preferential rates;
- o the grant of funds or forgiveness of debt to cover operating losses sustained by a specific industry; and,
- o the assumption of any costs or expenses of manufacture, production, or distribution.¹⁴

In addition to this list of specific subsidies, Section 771(5)(B) of the Trade Agreements Act of 1979 defines domestic subsidy as one "provided or required by government action to a specific enterprise or industry, or group of enterprises or industries."¹⁵ Article 11.3 of the GATT Subsidies Code refers to "subsidies granted with the aim of giving an advantage to certain enterprises...either regionally or by sector."

Current issues in the definition of domestic subsidy include "specificity" or general availability, regional development subsidies, upstream subsidies, research and development subsidies, and natural resource subsidies.¹⁶ It has long been U.S. administrative practice not to impose countervailing duties on generally available subsidies because they do not have demonstrable trade-distorting effects. Since the imposition of a specificity test by the Trade Agreements Act of 1979, the ITA has imposed countervailing duties only on programs targeted to specific enterprises, industries, or regions.

The ITA based its interpretation of specificity on the economic theory that a widely available benefit usually does not distort comparative advantage within a country and any advantage would be washed out by floating exchange rates. Furthermore, it argued, if countervailing duties were levied