

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Subsidies and
Countervailing Measures

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NOTIFICATIONS UNDER ARTICLE XVI:1

Addendum

The following comments have been received from the Nordic countries.

In response to the decision by the Committee at its meeting of 17 November 1983, the delegations of Sweden, Finland and Norway wish to make the following comments on the points raised in SCM/45. The comments are preliminary and may have to be adjusted and added to in the light of the work of the Committee on Trade in Agriculture.

1. Improved transparency and greater uniformity of notifications

The delegations of Sweden, Finland and Norway are in favour of improved transparency and greater uniformity, but recognize that the final judgement as to whether to notify or not inevitably will rest with the notifying country. While it could be difficult to find clear and unequivocal criteria for the types of measures that should be notified, it would be useful to reexamine and develop existing guidelines. In that regard the work carried out by the Group of Experts on the Calculation of the Amount of Subsidy will be of relevance.

The principle rule should be that notifications are made specific enough to permit some evaluation of the trade effects, but each case must be considered on its own merits. If subsidies are granted to specific items or sectors of goods the notifications should be organized by item or sector.

Subsidies with social objectives and subsidies granted at the provincial level are generally unlikely to cause injurious effects on the trade of other signatories. Any judgement as to whether such subsidies should be notified will also be subjective. As with other subsidies article 7 of the Code could be used by signatories to fill perceived gaps in notifications by other parties.

2. Differences in the basis for notification

The notification system should be formed in such a way that there is no difference in notifying government aids, whether the country has a strong private sector or a strong state-owned sector.

3. Procedures under article 7 of the Agreement

The wording in article 7 of the agreement permits a reverse notification. The effectiveness of the instrument will of course be enhanced if the signatory using article 7 can go beyond a very general request for information and be precise in its questions.

We interpret the text in article 7 as providing for a bilateral procedure at the first stage. Then the signatory has the right by virtue of article 7:3 to bring the matter to the Committee if the problem cannot be solved at a bilateral level. An issue that is unclear is the level of information to third parties as to the existence of a reverse notification and as to subsequent answers.

4. Self-incrimination

Any new guidelines on notifications should include a clear statement that the submissions of notifying

countries are without prejudice as to whether direct or indirect trade effects have been of an injurious nature.

5. Frequency of notifications

We consider the present frequency appropriate, i.e. full notification every third year and an updating every year.

6. Improving the questionnaire on subsidies

- The present questionnaire was drafted over twenty years ago and should be revised. On the other hand the Group of Experts and the Committee on Agriculture are working on several questions related to this issue and therefore it might be premature to revise the questionnaire at this stage. In connection with any revision of the questionnaire it could be of interest to the Committee to seek information about the notification procedures and questionnaires of other international organizations.

- Any future modification should facilitate an evaluation of the subsidy in question and a comparison between subsidies granted by different governments.

- In many cases it is difficult to quantify the trade effects of a subsidy. According to the recommendations adopted in 1960, the criteria is what would happen in the absence of a subsidy, implying a description of a hypothetical situation. This inherent difficulty probably does not exclude a qualitative evaluation in some cases.

The amount of a subsidy should be indicated wherever possible, but the notifying country would have to consider each case on its own merits.

- As a general rule the reasons for not answering specific questions should be explained.