

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

L/7113

12 November 1992

Limited Distribution

REPORT (1992) OF THE COMMITTEE ON SUBSIDIES AND COUNTERVAILING MEASURES

I. Organization of the work of the Committee

1. The Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement (the Agreement) entered into force on 1 January 1980. On 28 October 1992 the following were the signatories of the Agreement: Australia, Austria, Brazil, Canada, Chile, Colombia, Egypt, the European Economic Community, Finland, Hong Kong, India, Indonesia, Israel, Japan, Korea, New Zealand, Norway, Pakistan, Philippines, Sweden, Switzerland, Turkey, United States and Uruguay. Argentina and Poland have signed the Agreement subject to ratification.

2. The signatories of the Agreement are ipso facto members of the Committee on Subsidies and Countervailing Measures established under the Agreement. During the period under review the Committee has held eight meetings: on 15 and 18 November 1991 (SCM/M/55), on 16 December 1991 (SCM/M/56), on 27 January 1992 (SCM/M/57), on 26 March 1992 (SCM/M/58), on 28 April 1992 (SCM/M/59), on 29 April 1992 (SCM/M/60), on 21 July 1992 (SCM/M/61) and on 28 October 1992 (SCM/M/62).

3. Twenty-two contracting parties and six non-contracting parties have observer status. Furthermore, two international organizations (IMF and UNCTAD) have attended meetings of the Committee in an observer capacity.

II. Notification and examination of countervailing duty laws and/or regulations of signatories of the Agreement (Article 19:5)

4. As of 28 October 1992, twenty-three signatories have submitted their legislation concerning countervailing duty procedures or made communications in this respect to the Committee (SCM/1 and addenda). One signatory (Egypt) has not, as yet, made a formal notification to the Committee under Article 19:5 of the Agreement.

5. During the period under review, the Committee has received notifications regarding amendments to countervailing duty laws and/or regulations from Australia (SCM/1/Add.18/Rev.1/Suppl.5)¹, Brazil (SCM/1/Add.26/Suppl.3), Chile (SCM/1/Add.16/Rev.2 and Corr.1), Colombia (SCM/1/Add.29/Suppl.1), and Korea (SCM/1/Add.13/Rev.1/Suppl.2).

¹Due to the volume of the text of the legislation, this document has not yet been circulated. An explanatory introduction to it is contained in SCM/W/281.

6. At its two regular meetings held during the period under review, the Committee reverted to and concluded² its examination of the countervailing duty legislation of Australia (SCM/1/Add.18/Rev.1/Suppl.3), Chile (SCM/1/Add.16/Rev.2 and Corr.1), Colombia (SCM/1/Add.29+Suppl.1), Turkey (SCM/1/Add.28) and the United States (SCM/1/Add.3/Rev.3/Suppl.2). The Committee continued its examination of the legislation of Australia (SCM/1/Add.18/Rev.1/Suppl.5).

III. Semi-annual reports on all countervailing duty actions

7. Article 2:16 of the Agreement provides that the signatories shall submit, on a semi-annual basis, reports of any countervailing duty actions taken within the preceding six months. In this regard a standard form for such reports has been worked out (SCM/79). During the period under review, the following reports have been submitted and circulated to the Committee:

- (a) reports for the period 1 July 1991-31 December 1991 have been circulated in addenda to SCM/136. The following signatories have notified the Committee that they have not taken any countervailing duty action during that period: Austria, Colombia, Egypt, Finland, Hong Kong, India, Israel, Japan, Korea, New Zealand, Norway, Pakistan, Philippines, Sweden, Switzerland and Turkey (Add.1). Countervailing duty actions have been notified by Chile (Add.2); Brazil (Add.3); the United States (Add.4); the EEC (Add.5); Canada (Add.6); and Australia (Add.7). No report has been received from Indonesia and Uruguay.
- (b) reports for the period 1 January 1992-30 June 1992 have been circulated in addenda to SCM/148. The following signatories have notified the Committee that they have not taken any countervailing duty action during that period: Austria, Colombia, Egypt, the EEC, Finland, Hong Kong, India, Indonesia, Israel, Japan, Korea, New Zealand, Norway, Pakistan, the Philippines, Sweden, Switzerland, Turkey and Uruguay. Countervailing duty actions have been notified by Canada (Add.2); Brazil (Add.3); the United States (Add.4); Australia (Add.5); and Chile (Add.6).

8. The Committee has examined reports circulated in addenda to SCM/136 and SCM/148. A table summarizing the cases where investigations have been opened and provisional or final actions taken during the period 1 July 1991-30 June 1992 is reproduced in Annex I.

²The Committee may revert to particular aspects of any legislation or implementing regulations at a later stage or in the light of their practical implementation.

IV. Reports on all preliminary or final countervailing duty actions

9. Notifications under these procedures have been received from Australia, Chile and the United States and circulated in documents SCM/W/252, 254, 257, 276 and 278.

V. Notification of subsidies

10. In accordance with the Decision of the CONTRACTING PARTIES at their twentieth session (BISD, Eleventh Supplement, page 58), contracting parties should submit, every third year, new and full responses to the questionnaire on subsidies (BISD, Ninth Supplement, pages 193-194) and bring these notifications up-to-date in the intervening years. New and full notifications have been due in 1990. The present status of both full and up-dating notifications by signatories is reproduced in Annex II.

11. During the period under review the Committee continued its examination of full notifications under Article XVI:1 submitted in 1990 (L/6630 and addenda) and updating notifications for 1991 (L/6805 and addenda) and for 1992 (L/6973 and addenda). On 29 April 1992 the Committee held a special meeting to examine new and full notifications due in 1990 (SCM/M/60). Written questions and answers regarding individual notifications are reproduced in documents SCM/W/262-275. At the regular meetings in April and October 1992, the Chairman expressed his concern about the unsatisfactory state of notifications, in particular updating notifications due in 1991 and 1992, where a number of signatories failed to fulfil their obligations under Article XVI:1 of the General Agreement.

VI. Dispute settlement procedures

12. The Committee continues to have before it the following reports:

- (a) Report of the Panel on EEC subsidies on export of wheat flour (SCM/42) submitted to the Committee on 21 March 1983;
- (b) Report of the Panel on EEC subsidies on export of pasta products (SCM/43) submitted to the Committee on 19 May 1983;
- (c) Report of the Panel on the imposition by Canada of countervailing duties on imports of boneless manufacturing beef from the EEC (SCM/85) submitted to the Committee on 13 October 1987;
- (d) Report of the Panel on countervailing duties on non-rubber footwear from Brazil (SCM/94) submitted to the Committee on 4 October 1989;
- (e) Report of the Panel on the German exchange rate scheme for Deutsche Airbus (SCM/142) submitted to the Committee on 28 April 1992.

13. During the period under review, these reports were discussed at the regular meetings of 28 April 1992 and 28 October 1992. At the April 1992 meeting, the Committee adopted the report on "United States - Definition of Industry Concerning Wine and Grape Products" (SCM/71). Also at that meeting, the Panel on the "German Exchange Rate Scheme for Deutsche Airbus" introduced its report (SCM/142) to the Committee. As to the reports referred to in (a) to (c) above, a number of signatories expressed their serious concern over the blockage of the dispute settlement procedures under the Code and requested the Chairman to continue consultations with a view to enabling these reports to be adopted at the October 1992 meeting. At the October 1992 meeting, the Chairman reported on his consultations and the Committee agreed that he would continue these consultations, treating each report individually and independent of the others. Also at that meeting, the Committee considered a request from the EEC to undertake conciliation under Article 17 of the Agreement concerning Brazil's imposition of definitive countervailing duties on imports of milk powder from the EEC. The Committee encouraged signatories involved to continue their efforts to reach a mutually acceptable solution consistent with the Code.

14. At its special meeting of 15 and 18 November 1991 (SCM/M/55) the Committee considered a request from Canada to undertake conciliation under Article 17 of the Agreement concerning United States measures affecting the export of softwood lumber from Canada. At its special meeting of 16 December 1991 (SCM/M/56) the Committee established a panel in accordance with Article 18:1 of the Agreement to examine this matter. Also at this special meeting, the Committee considered a request from Canada to undertake conciliation under Article 17 of the Agreement concerning United States measures affecting the export of pure and alloy magnesium from Canada. At its special meeting of 27 January 1992 (SCM/M/57) the Committee, at the request of Canada, established a panel in accordance with Article 18:1 of the Agreement to examine this matter. The Panel is in abeyance pending the parties' finalization of a mutually agreed solution.

15. At the Committee's special meeting of 26 March 1992 (SCM/M/58) the Panel on "Canadian Countervailing Duties on Grain Corn from the United States" submitted its report (SCM/140 and Corr.1) which was adopted at that meeting by the Committee. At the same meeting the Committee considered a request by the European Communities for consultations provided for in Article 16 of the Agreement concerning the Australian Customs Amendment Act 1991.

16. At its special meeting of 21 July 1992 (SCM/M/61) the Committee considered a request from the EEC to undertake conciliation under Article 17 of the Agreement concerning two items: (1) Brazil's countervailing duty proceeding on imports of milk powder from the EEC; and (2) Countervailing duty proceeding on imports of glacé cherries from France and Italy and Australian Customs Amendment Act 1991. Also at that meeting the Committee again considered the report of the Panel on the "German Exchange Rate Scheme for Deutsche Airbus" (SCM/142).

VII. Other Matters

- (a) Countervailing duty investigation initiated by Argentina in respect of certain dairy products from the EEC and of canned fruits from Greece (meeting of 28 April 1992).
- (b) Draft guidelines on the application of the concept of specificity (meetings of 28 April and 28 October 1992).
- (c) United States' countervailing duty proceeding regarding portable seismographs from Canada (meeting of 28 April 1992).
- (d) United States - countervailing duty investigations of imports of steel products from the European Community (meeting of 28 October 1992).
- (e) Australian countervailing duty proceedings on frozen pork from Canada (meeting of 28 October 1992).

ANNEX I

Summary of Countervailing Duty Actions, 1 July 1991-30 June 1992

Reporting country	Reporting period	Initiation		Provisional Measures		Definitive duties		Undertakings		Outstanding cvt actions
		No.	Countries ¹ involved	No.	Countries ¹ involved	No.	Countries ¹ involved	No.	Countries ¹ involved	
Australia	1.7.1991- 30.6.1992	11	CN IE TH DK ES MY FR NL(2)	8	ES(2) NL TH FR GR IT(2)	12	DK(2) GR NL(2) ES(2) IE TH FR IT(2)			12
Brazil	1.7.1991- 30.6.1992	8	CE(8)	8	CE(8)	9	CE(8) MY			n.a.
Canada	1.7.1991- 30.6.1992									7
Chile	1.7.1991- 30.6.1992	6	AR PL CS HU MX(2)	3	CS HU PL	2	MX PL			n.a.
EEC	1.7.1991- 30.6.1992					1	TR			
US	1.7.1991- 30.6.1992	19	BR(2) CR GB TH(3) CA(3) DE IN(2) CN(2) FR MY VE(2)	8	BR MY CA(3) IN VE(2)	2	CA TH	9	BR(2) PE SG VE CO(2) CR TH	67

¹Countries or customs territories. The abbreviations used are those adopted by the ISO. AR-Argentina, AT-Austria, AU-Australia, BD-Bangladesh, BE-Belgium, BR-Brazil, CA-Canada, CE-EEC, CH-Switzerland, CL-Chile, CN-China, CO-Colombia, CR-Costa Rica, CS-Czechoslovakia, DE-Germany, Fed. Rep., DK-Denmark, EC-Ecuador, ES-Spain, FI-Finland, FR-France, GB-United Kingdom, GR-Greece, HK-Hong Kong, HU-Hungary, ID-Indonesia, IE-Ireland, IN-India, IR-Iran, IS-Israel, IT-Italy, JP-Japan, KR-Korea, LK-Sri Lanka, LU-Luxembourg, MX-Mexico, MY-Malaysia, NL-Netherlands, NO-Norway, NZ-New Zealand, PA-Panama, PE-Peru, PH-Philippines, PK-Pakistan, PL-Poland, PT-Portugal, QA-Qatar, RO-Romania, SA-Saudi Arabia, SE-Sweden, SG-Singapore, SU-USSR, SV-El Salvador, TH-Thailand, TR-Turkey, TT-Trinidad and Tobago, TW-Taiwan, US-United States, UY-Uruguay, VE-Venezuela, ZA-South Africa, ZW-Zimbabwe

n.a. - not available.

Note: Numbers in brackets indicate the number of products subject to countervailing duty.

ANNEX II

Notifications under Article XVI:1 of the General Agreement
by Signatories of the Code on Subsidies and
Countervailing Measures (1990-1991)

	L/6805 up-dating notifications for 1991	L/6973 up-dating notifications for 1992
Australia	Add.7	
Austria	Add.4+Suppl.1 +Corr.1	Add.6
Brazil	Add.5	
Canada		
Chile	Add.6	
Colombia		
Egypt		
Finland		
Hong Kong	Add.1	Add.1
India		
Indonesia		Add.4
Israel		
Japan	Add.2	
Korea		
New Zealand		Add.5
Norway		
Pakistan		
Philippines		
Sweden		
Switzerland		Add.2
Turkey		
United States		
Uruguay		

All signatories have made new and full notifications for 1990 (contained in document L/6630 and addenda).

	L/6805 up-dating notifications for 1991	L/6973 up-dating notifications for 1992
EEC		
Belgium		
Denmark		
France		
Germany, F.R.		
Greece		
Ireland		
Italy		
Luxembourg		
Netherlands		
Portugal		
Spain		
United Kingdom		