

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED

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**REPORT (1994) 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 1994 the following were the signatories of the Agreement: Argentina, 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. Poland has 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 three meetings: on 10 November 1993 (SCM/M/68), on 28 April 1994 (SCM/M/69), and on 26 and 28 October 1994 (SCM/M/70).

3. Twenty-six contracting parties and four 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 1994, twenty-three signatories have submitted their legislation concerning countervailing duty procedures or made communications in this respect to the Committee (SCM/1 and addenda). Two signatories (Argentina and Egypt) have not, as yet, made a formal notification to the Committee under Article 19:5 of the Agreement. The Agreement entered into force for Argentina on 13 April 1994.

5. During the period under review, the Committee received notifications regarding amendments to countervailing duty laws and/or regulations from Colombia (SCM/1/Add.29/Rev.2) and Uruguay (SCM/1/Add.19/Suppl.1). In addition, the following observers provided the text of their legislation and/or regulations to the Committee pursuant to the decision of the Committee of 27-28 October 1993 regarding the provision of information by observers: Peru (SCM/181/Add.1) and Hungary (SCM/181/Add.2).

6. At its two regular meetings held during the period under review, the Committee reverted to and concluded¹ its examination of the countervailing duty legislation of Brazil (SCM/1/Add.26/Suppl.3 and 4), Colombia (SCM/1/Add.29/Rev.1), and Korea (SCM/Add.13/Rev.1/Suppl.2). The Committee

¹The Committee may revert to particular aspects of any legislation or implementing regulations at a later stage or in the light of their practical implementation.

also concluded its examination of the legislation and regulations submitted by Hungary (SCM/181/add.2) and Peru (SCM/181/add.1) in their capacity as observers. Pending before the Committee is a request that Israel notify its new countervailing duty legislation.

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 1993-31 December 1993 have been circulated in addenda to SCM/180. The following signatories have notified the Committee that they have not taken any countervailing duty action during that period: Austria, Chile, Egypt, Finland, Hong Kong, India, Indonesia, Japan, Korea, Norway, Pakistan, Poland, Sweden, Turkey and Switzerland (Add.1). Countervailing duty actions have been notified by the EC (Add.2); New Zealand (Add.3); Brazil (Add.4); Australia (Add.5 and Suppl. 1); the United States (Add.6) and Canada (Add.7). No report has been received from Israel and Uruguay.
- (b) reports for the period 1 January 1994-30 June 1994 have been circulated in addenda to SCM/183. The following signatories have notified the Committee that they have not taken any countervailing duty action during that period: Brazil, Colombia, Egypt, Finland, Hong Kong, India, Indonesia, Japan, Korea, Norway, Pakistan, Sweden, Switzerland, and Turkey. Countervailing duty actions have been notified by the EC (Add.2); New Zealand (Add.3); Australia (Add.4/Rev.1); Brazil (Add.5); Canada (Add.6); Chile (Add.7) Austria (Add.8) and the United States (add.9). No report has been received from Argentina, Israel, the Philippines and Uruguay. Argentina indicated that it did not provide a semi-annual report for this period because the Agreement entered into force for it only on 13 April 1994.

8. The Committee has examined the reports circulated in addenda to SCM/180 and SCM/183. A table summarizing the cases where investigations have been opened and provisional or final actions taken during the period 1 July 1993-30 June 1994 is reproduced in Annex I.

IV. Reports on all preliminary or final countervailing duty actions

9. Notifications under the procedures provided for in Article 2:16 have been received from Australia, Canada, the EC, Mexico (observer), New Zealand and the United States and circulated in documents SCM/W/302, 306, 308, 311, 312, and 314.

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 were due in 1993 (L/7162 and addenda). Updating notifications were due in 1994 (L/7375 and addenda). The present status of new and full notifications for 1993 and updating notifications for 1994 by signatories is reproduced in Annex II.

11. During the period under review the Committee intended to begin its examination of full notifications under Article XVI:1 due in 1993 (L/7162 and addenda). In light of the fact that only seventeen of the twenty-five signatories had provided notifications as of 28 October 1994, however,

the Chairman postponed convening of a special meeting to examine the notifications. The Committee concluded its examination of full notifications under Article XVI:1 submitted in 1990 (L/6630 and addenda). Written answers regarding individual notifications are reproduced in document SCM/W/313.

VI. Dispute settlement procedures

12. The Committee has 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; and
- (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, the foregoing reports were discussed at the regular meetings of 28 April 1994 and 26 and 28 October 1994. The Chairman expressed his serious concern over the blockage of the dispute settlement procedures under the Agreement as they related to these Reports.

14. The Report of the Panel on the imposition by the United States of countervailing duties on imports of fresh and chilled Atlantic salmon from Norway (SCM/153), which was first presented to the Committee at its meeting of 28 April 1993, was adopted by the Committee at its meeting of 28 April 1994.

15. The Report of the Panel on the imposition by Brazil of provisional and definitive countervailing duties on milk powder and certain types of milk from the European Economic Community (SCM/179 and Corr. 1) was presented to Committee at its 28 April 1994 meeting and was adopted by the Committee at that meeting.

16. The Panel established by the Committee at a special meeting on 4 June 1993 at the request of the EEC concerning the imposition by the United States of countervailing duties on certain hot-rolled lead and bismuth carbon steel products originating in France, Germany and the United Kingdom continued its work during the period under review.

17. At a special meeting on 10 November 1993 the Committee continued the conciliation process initiated by the EC pursuant to SCM/176 and addendum 1 concerning the imposition by the United States of countervailing duties on certain carbon steel flat products from several member states of the EC. The Committee thereafter established a Panel at the request of the EC (SCM/182 and Corr.1) concerning this matter at its meeting of 28 April 1994. The terms of reference and composition of the Panel were established on 17 August 1994 (SCM/184).

VII. Other Matters

- (a) Implementation of the Report of the Panel in United States - measures affecting imports of softwood lumber from Canada.
- (b) Countervailing duty investigation by Brazil on imports of wheat from Canada.
- (c) Issues arising from the entry into force of the Agreement Establishing the World Trade Organization.

ANNEX I

Summary of Countervailing Duty Actions
1 July 1993-30 June 1994

Initiation		Provisional measures		Definitive duties		Undertakings		Measures in force on 30.6.94 (definitive duties & price undertakings)
	Countries' involved	No.	Countries' involved	No.	Countries' involved	No.	Countries' involved	
4	<u>AUSTRALIA</u> ZA(4)	1	ZA	2	ZA(2)	0		13
2	<u>BRAZIL</u> PK CA	0	-	0	-	0	-	2
2	<u>CANADA</u> IN PT	1	IN	0	-	0	-	6
4	<u>CHILE</u> CN(3) AR	2	CN(2)	1	CN	0	-	1
0	<u>EEC</u> -	0	-	1	TH	1	TH	3
0	<u>NEW ZEALAND</u> -	0	-	0	-	0	-	1

Initiation		Provisional measures		Definitive duties		Undertakings		Measures in force on 30.6.94 (definitive duties & price under-takings)
No.	Countries ¹ involved	No.	Countries ¹ involved	No.	Countries ¹ involved	No.	Countries ¹ involved	
12	DE IL(2) IT MX TH VE ZA(4)	3	IL IN IT	12	BE FR KR(2) BR GB MX DE(3) IT SE	0	-	107

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 = Czech and Slovak Federal Republic, CZ = Czech Republic, DE = Germany, DK = Denmark, EC = Ecuador, ES = Spain, FI = Finland, FR = France, GB = United Kingdom, GR = Greece, HK = Hong Kong, HU = Hungary, ID = Indonesia, IE = Ireland, IL = Israel, IN = India, 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, RU = Russia, SA = Saudi Arabia, SE = Sweden, SG = Singapore, SK = Slovak Republic, SU = USSR, SV = El Salvador, TH = Thailand, TR = Turkey, TT = Trinidad and Tobago, TW = Chinese Taipei, US = United States, UY = Uruguay, VE = Venezuela, ZA = South Africa, ZW = Zimbabwe.

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

ANNEX II

Notifications under Article XVI:1 of the General Agreement
by Signatories of the Code on Subsidies and
Countervailing Measures (1993 and 1994)

	L/7162 New and Full Notifications for 1993	L/7375 Updating Notifications for 1994
Australia	Add.5	Add.3
Austria	Add.13 & Suppl.1	
Brazil	Add.11	
Canada	Add.6	Add.6
Chile	Add.9	
Colombia	Add.8	
Egypt		
Finland	Add.7	
Hong Kong	Add.1	Add.1
India		
Indonesia	Add.16	
Israel		
Japan		
Korea		
New Zealand	Add.2	Add.7
Norway	Add.12	Add.4 & Corr.1
Pakistan		
Philippines	Add.17	
Sweden	Add.15	Add.2
Switzerland	Add.14	
Turkey	Add.18	
United States		
Uruguay	Add.10	

	L/7162 New and Full Notifications for 1993	L/7375 Updating Notifications for 1994
EEC	Add.19	Add.8
Belgium		
Denmark		
France		
Germany, F.R.		
Greece		
Ireland		
Italy		
Luxembourg		
Netherlands		
Portugal		
Spain		
United Kingdom		