

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES
Ninth Session

Review Working Party III on Barriers to Trade
other than Quantitative Restrictions or Tariffs

PROPOSALS OF CONTRACTING PARTIES

Addendum

2. COUNTERVAILING DUTIES

New Zealand has proposed that the present paragraph 3 of Article VI be replaced by the following:

- "3. (a) For the purpose of this Article the term 'countervailing duty' shall be understood to mean a special duty levied to offset any bounty or subsidy bestowed, directly or indirectly, upon the manufacture, production or export of any merchandise.
- (b) Countervailing duty may be levied on the product of the territory of any contracting party imported into the territory of another contracting party of an amount not in excess of the estimated bounty or subsidy determined to have been granted, directly or indirectly on the manufacture, production or export of such product in the country of origin or exportation, including any special subsidy to the transportation of a particular product.
- (c) Where a countervailing duty would, for legislative or other reasons, be difficult to apply or would be inadequate to offset the effects of the granting of a bounty or subsidy referred to in sub-paragraph (a) of this paragraph a contracting party may in addition to or in lieu of such countervailing duty impose quantitative restrictions on the importation of such commodity provided that any contracting party taking such action shall report the matter promptly to the CONTRACTING PARTIES and to the contracting party from whose territory the product was imported."

Denmark, Norway and Sweden have proposed that paragraph 4 of Article VI be amended as follows:

"No product of the territory of a Member imported into the territory of any other Member shall be subject to anti-dumping or countervailing duty by reason of the exemption of such product from customs duties or indirect taxes actually borne by the like product, or actually borne by the material going into the manufacturing of the like product when destined for consumption in the country of origin or exportation, or by reason of the refund of such customs duties and indirect taxes."

Germany proposes an addition to paragraph 4 of Article VI as follows:

"to permit the imposition of countervailing duties on a product if the refund of duties or taxes exceeds the charges borne by the like product when destined for consumption in the country of origin or exportation. Such excess should be deemed to be a subsidy within the terms of paragraph 3.

New Zealand has proposed that paragraph 6 of Article VI be replaced by the following:

- "6. (a) Except as provided in sub-paragraph (b) of this paragraph ~~No~~
a contracting party shall not levy any anti-dumping or countervailing duty or impose quantitative restrictions as provided for in sub-paragraph (c) of paragraph 3 of this Article on the importation of any product of the territory of another contracting party unless it determines that the effect of the dumping or subsidization, as the case may be, is such as to cause or threaten material injury to an established domestic industry or is such as to retard materially the establishment of a domestic industry. ~~The CONTRACTING PARTIES~~
may waive the requirements of this paragraph so as to permit a contracting party to levy an anti-dumping or countervailing duty on the importation of any product for the purpose of offsetting dumping or subsidization which causes or threatens material injury to an industry in the territory of another contracting party exporting the product concerned to the territory of the importing contracting party."
- (b) A contracting party may levy an anti-dumping or countervailing duty or impose quantitative restrictions as provided for in sub-paragraph (c) of paragraph 3 of this Article on the importation of any product for the purpose of offsetting dumping or subsidization which causes or threatens material injury to an industry in the territory of another contracting party exporting the product concerned to the territory of the importing contracting party; provided that any such action shall be reported promptly to the CONTRACTING PARTIES and to the contracting party from whose territory the product was imported."

3. STATE TRADING

Denmark (L/273) has proposed the addition to Article XVII of the provisions contained in Article 31 of the Havana Charter. This Article provides for the negotiation of arrangements designed to limit in specified cases, the protective or restrictive effects of import and export monopolies; for the publication, or notification of maximum duty for the product concerned, if it is not negotiated. The last paragraph provides that these provisions should not limit the use of forms of assistance to domestic producers permitted by other provisions of the Agreement.

Denmark has proposed the insertion of a further paragraph as follows:

"The members shall submit to the CONTRACTING PARTIES annual reports on their state trading activities."

4. GENERAL EXCEPTIONS

The following proposals for the amendment of Article XX have been made:

Part I

Denmark proposes that an interpretative note to Part I(b) be added as follows:

"If, in the opinion of the CONTRACTING PARTIES, the standards or regulations adopted by a contracting party under this sub-paragraph have an unduly restrictive effect on trade, the CONTRACTING PARTIES may request the contracting party to revise the standards or regulations."

Part II

Denmark, Germany, Norway and Sweden propose the deletion of this Part.

In the discussion by the CONTRACTING PARTIES, the representative of New Zealand (SR.9/17) while agreeing with the proposals to delete sub-paragraphs (b) and (c) of Part II, suggested that paragraph (a) should be retained.