

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

W.16/7
28 May 1960

Limited Distribution

CONTRACTING PARTIES
Sixteenth Session

STANDSTILL PROVISIONS OF ARTICLE XVI:4

Progressive Relaxation of Subsidies on Export of Products other than Primary Products

Note by the Executive Secretary

Pending action by the CONTRACTING PARTIES upon the expiry of the standstill arrangements under Article XVI:4, it is suggested that, in considering a further extension of the standstill provisions of Article XVI:4 at the seventeenth session, the CONTRACTING PARTIES might examine the following suggestions with a view to ensuring progress towards the elimination of these subsidies.

1. Instead of extending the validity of the Declaration of - 30. November 1957, which has the effect of allowing the parties to re-introduce subsidies which existed at the time of entry into force of the revised text of Article XVI over if such subsidies have been discontinued since that time, a new declaration would be prepared which would cover only the subsidies which are actually in force. This would mean that the standstill would apply only to the subsidies actually applied on the date of the new declaration and that the discontinuance of any subsidy subsequently would reduce the scope of the declaration accordingly.
2. The declaration would provide that the parties would communicate to the Executive Secretary the list of the measures covered by the declaration (either in the form of a separate list, or by reference to their notification under Article XVI) and notify the Executive Secretary of any change in that list.
3. The declaration would also state that the parties to the declaration would agree to an annual review conducted by the CONTRACTING PARTIES of the progress made in the elimination of the remaining subsidies.
4. The procedure for dealing with the United States reservation would be the same as hitherto.
5. It appears that action on the above lines would be facilitated, for one delegation at least, if the CONTRACTING PARTIES could agree that the last phrase in paragraph 2 of the note to Article XVI, Section B, intended to cover such products as flour or ore concentrates.

A draft declaration is annexed hereto.

ANNEX

EXTENSION OF STANDSTILL PROVISIONS OF ARTICLE XVI:4

Declaration of _____ 1960

The parties to this Declaration, being contracting parties to the General Agreement on Tariffs and Trade (hereinafter referred to as "the General Agreement"),

Considering that, in accordance with the revised text of Article XVI of the General Agreement and the note thereto in Annex H, contracting parties should seek before the end of 1957 to reach agreement to abolish as from 1 January 1958 all remaining subsidies on products other than primary products which result in the sale of such products for export at a price lower than that charged in the domestic market or, failing this, to extend the application of the standstill provided for in paragraph 4 of Article XVI; and

Considering that, in view of the delays in the entry into force of the revised text of Article XVI which have resulted in certain contracting parties agreeing to successive yearly extensions of the standstill provisions until 31 December 1960, it would not be feasible to make a prohibition against such subsidies effective on 1 January 1961;

Considering further that it is desirable not only that the CONTRACTING PARTIES agree further to extend the standstill, but also that they agree to a procedure which will ensure progress towards elimination of subsidies covered by the provisions of Article XVI:4;

Hereby declare that:

1. They will not, until 31 December 1961, extend the scope of any subsidization of the type described in paragraph 4 of Article XVI beyond that existing on the date of this Declaration, by the introduction of new, or the extension of existing, subsidies; it being understood that any such subsidy which, since that date, has been reduced or abolished may not be increased nor re-instituted.

2. They will communicate to the Executive Secretary of the CONTRACTING PARTIES the list of the measures covered by this Declaration and in force on the date of this Declaration; and notify the Executive Secretary of any changes in these measures.

3. They agree to an annual review conducted by the CONTRACTING PARTIES on the progress made in the abolition or reduction of subsidies existing on the date of this Declaration.

4. This Declaration shall be open at the Headquarters of the CONTRACTING PARTIES to the General Agreement at Geneva for acceptance by signature or otherwise.

5. This Declaration shall enter into force on the day on which it will have been accepted by the Governments of Belgium, Canada, France, the Federal Republic of Germany, Italy, Japan, the Kingdom of the Netherlands, the United Kingdom of Great Britain and Northern Ireland, and the United States of America.

6. The Executive Secretary to the CONTRACTING PARTIES to the General Agreement shall promptly furnish a certified copy of this Declaration and a notification of each acceptance thereto to each contracting party to the General Agreement.

7. This Declaration shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

In witness whereof the respective representatives, duly authorized, have signed the present Declaration.

Done at Geneva, in a single copy, in the English and French languages, both texts authentic, this day of , one thousand nine hundred and sixty.