

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
SCM/Spec/13
5 April 1982

Committee on Subsidies
and Countervailing Measures

INTERPRETATION OF ARTICLE 9 OF THE AGREEMENT

Communication from the European Communities

In the light of the discussions on this issue during the last three meetings of the Committee on 3, 10 and 24 March, the European Communities would submit the following comments and suggestions as to how this question should be further examined.

The Community has noted in particular the conclusion of the Chairman during the discussion on 24 March that various views had been expressed by the signatories on the interpretation of Article 9 and that there was no consensus or unanimity of view on this matter. It has also noted the point of view expressed by several delegations that the questions which have been under discussion by the signatories raise complex issues on which it is difficult to make definite judgements at this stage; and that it might be premature to force the issue immediately to a final decision, with a preference being expressed for a pragmatic approach.

The European Community has already pointed out in various statements that a clear practice had developed during twenty years prior to the negotiation of the Code as a result of which the subsidization of the primary element in transformed agricultural products had not been regarded as prohibited by contracting parties. This point of view has been supported by some other signatories. This view was naturally implicit in the approach and assumptions of the negotiators of the Code.

It would seem that there is no clear agreement about the application of Article 9 in situations of this kind. Consequently, it appears necessary to consider further what procedures and provisions might be appropriate, including the question whether and how existing Code provisions could be applied for such cases. In order to undertake this task the European Community supports the proposal made by a signatory at the last meeting that the Committee should establish a working group of the Code signatories to examine these questions in greater detail.