

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES
Twentieth Session
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NOTIFICATIONS BY CONTRACTING PARTIES ON SUBSIDIES AND STATE TRADING

A. Subsidies

1. Article XVI requires that countries which maintain subsidies, having the effects described in paragraph 1 of the Article, shall notify them in writing. The CONTRACTING PARTIES at their fourth session established arrangements for reporting in accordance with the above provision and at their ninth session adopted a questionnaire designed to establish standards to which such notifications should conform. Subsequently, the CONTRACTING PARTIES at their sixteenth session approved a recommendation by the Panel on Subsidies for a revised questionnaire (BISD, 9S, pages 193-194). To date, thirty-three countries have submitted notifications on subsidies in accordance with the revised questionnaire. These notifications have been circulated for the information of contracting parties in document L/1328 and Addenda; L/1597 and Addenda; and L/1837.

2. As noted in the report on its meetings in February and April 1961 (BISD, 10S, page 204), the Panel requested the secretariat to prepare a statistical summary showing the total amount and level of subsidization measures. The secretariat was also requested to prepare a statistical analysis of the subsidies which had been notified and from these notifications, where this was possible on the information given, to estimate the average ad valorem incidence of subsidies on each product. Information on the amount, level and type of subsidization has been compiled and circulated in document L/1729 and Corrigenda 1 and 2. Document Spec(6.)118, which contains information on the average ad valorem incidence of subsidies, has not yet been revised as relevant information is still required from certain countries.

3. In paragraph 18 of the Panel's report (BISD, 10S, page 206) it is stated that "under the present procedures, notifications are required annually ... and that for the time being these arrangements should continue. However, the CONTRACTING PARTIES may wish to review these arrangements for such notifications, say in 1962 when the notifications on State trading will be reviewed. If the notifications by that date are reasonably comprehensive, the CONTRACTING PARTIES may consider an arrangement under which only changes will be notified annually." This matter has accordingly been placed on the agenda for the twentieth session.

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4. The present system of annual reporting on the basis of the current questionnaire does not operate entirely satisfactorily. Due perhaps to the amount of work involved, not all contracting parties submit an annual notification of their existing subsidies. It is suggested that it would meet the needs of the CONTRACTING PARTIES if contracting parties reported annually, say in January each year, on the changes undertaken in their subsidy measures during the previous year. As proposed by the Panel, the annual notification might cover changes in the amount and level of subsidies and the effects of subsidies. The CONTRACTING PARTIES may wish to adopt these two suggestions.

5. While most contracting parties have submitted at least one notification in accordance with the revised questionnaire, a number have failed to do so. The CONTRACTING PARTIES may wish to urge such contracting parties to submit such notification as early as possible.

B. State trading

6. At their thirteenth session the CONTRACTING PARTIES appointed a Panel to examine notifications submitted by governments concerning the products imported into or exported from their territories by enterprises of the kind described in paragraph 1(a) of Article XVII. The Panel considered that in view of the fact that the operations of State-trading enterprises are not generally subject to frequent changes, it would be sufficient if contracting parties notified any changes as and when they occur. The Panel further considered that the CONTRACTING PARTIES may wish to consider from time to time whether the basic documentation needs to be reviewed and the Panel recommended that the CONTRACTING PARTIES should consider, in the autumn of 1962, whether it would be appropriate to initiate such a review (BISD, 9S, page 183).

7. Notifications by contracting parties on changes in their State-trading measures have been circulated in addenda to document L/1014.

8. The present system of reporting appears to be operating in a satisfactory manner and the CONTRACTING PARTIES may wish to approve the continuation of the existing procedures and arrangements. At the same time the CONTRACTING PARTIES may wish to urge any contracting party which has not notified any changes in its subsidy measures which may have taken place since its last report on this subject, to do so as early as possible.

