

GENERAL AGREEMENT ON TARIFFS AND TRADE

REPORT 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 entered into force on 1 January 1980. On 1 June 1983 the following were the Signatories of the Agreement: Australia, Austria, Brazil, Canada, Chile, Egypt, Finland, India, Japan, Korea, New Zealand, Norway, Pakistan, Spain, Sweden, Switzerland, United Kingdom on behalf of Hong Kong, United States, Uruguay, Yugoslavia and the European Economic Community. Two of these Signatories are still in the process of ratifying the Agreement. Some Signatories apply the Agreement in their mutual relations on a provisional basis. Two Signatories (New Zealand and Spain) accepted the Agreement with a reservation.

2. The Signatories of the Agreement are ipso facto members of the Committee on Subsidies and Countervailing Measures established under the Agreement. Since 1 January 1980 the Committee has had twenty-five meetings, nine of which were held under the dispute settlement procedure.

3. Twenty-seven contracting parties and five non-contracting parties have observer status. Furthermore, two international organizations (IMF and UNCTAD) have attended meetings of the Committee in an observer capacity.

II. National legislation

4. As of 1 June 1983 fourteen Signatories have submitted their legislation concerning countervailing duty procedures or made communications in this respect to the Committee. Four Signatories have not, as yet, made formal notifications to the Committee under Article 19:5 of the Agreement. Some of these Signatories made oral statements to the effect that their national legislation did not contain any provisions on the imposition of countervailing duties which would be in conflict with the Agreement.

5. One of the main tasks of the Committee has been to examine the texts of national legislations, especially in view of the conformity with the provisions of the Agreement. Some Signatories drew the Committee's attention to certain provisions in domestic legislation of some other Signatories which they alleged were inconsistent with the Agreement and urged those Signatories to ensure the full conformity of their legislation with the Agreement. It was agreed that Signatories to which comments concerning their legislation were addressed would consider them. Some Signatories reserved their rights to revert to particular aspects of the national legislations at a later stage or in the light of their practical implications. The Committee therefore agreed to maintain on its agenda the examination of national legislations already submitted and those which will be submitted in future.

6. Article 2:16 of the Agreement provides that the Signatories shall submit, on a semi-annual basis, reports of any countervailing duty action taken within the preceding six months. A table summarizing cases where investigations have been opened and provisional or final actions taken during the period 1 January 1980-31 December 1982 is reproduced in Annex I. In addition, Signatories report to the secretariat all preliminary or final actions taken with respect to countervailing duties.

III. Notification of subsidies

7. 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. Full notifications were due in 1981. The present status of notifications by the Signatories is reproduced in Annex II.

8. This matter has been on the agenda of every regular session of the Committee. The Committee repeatedly agreed that all Signatories should submit their notifications without delay and that notifications should cover subsidies both in the agricultural and the industrial field. As shown in Annex II the present situation in this respect, although considerably better than at the time of the previous annual review, is still far from being fully satisfactory.

9. Several Signatories have invoked the provisions of Article 7:3 of the Agreement to notify certain practices of other Signatories which they considered should have been notified under Article XVI:1 of the General Agreement. The Committee took note of these matters.

10. The Committee proceeded with the examination of individual notifications under Article XVI:1 at a special meeting held on 21 April 1983. It noted that of twenty-one Signatories seventeen have submitted their notifications but considered that further improvements, both quantitative and qualitative should be made. The Committee agreed to continue to examine the question of notifications with a view to working out a satisfactory solution.

11. The Committee has also discussed some general problems related to notifications under Article XVI:1^{1/}. It considered that it was particularly important to achieve better transparency in the field of subsidies, and while reaffirming the need to continue efforts already undertaken, noted that obligations of Article XVI:1 applied to all contracting parties. Although some delegations had misgivings about the incriminating effect of notifications, the Committee considered that such misgivings were not

^{1/}The European Economic Community has circulated a statement concerning these problems (SCM/23).

justified and consequently they should not prevent Signatories from fulfilling their obligations. It was also recognized that the questionnaire on subsidies created some practical problems and that the shortcomings of the questionnaire should be remedied at an appropriate moment. It was therefore considered that for the time being the most reasonable approach seemed to be to use the questionnaire with, where necessary, some flexibility.

IV. Dispute settlement procedures

12. Following consultations under Article 12 and conciliation under Article 17 the Committee established, on 22 January 1982, a panel to examine the United States complaint concerning subsidies maintained by the European Economic Community on the export of wheat flour. The Panel submitted its report to the Committee on 21 March 1983 (SCM/42). The Committee discussed this report at the meetings of 22 April and of 19 May 1983 and agreed to continue its consideration at the special meeting of 9-10 June 1983.

13. Following consultations under Article 12 and conciliation under Article 17 the Committee established, on 14 June 1982, a panel to examine the United States' complaint concerning export subsidies maintained by the European Economic Community on pasta products manufactured from Durum Wheat. The Panel submitted its report to the Committee on 19 May 1983. The Committee will discuss this report at the special meeting of 9-10 June 1983.

14. Following consultations under appropriate articles of the Agreement the Committee attempted conciliation in the following matters:

- (a) between the United States and the European Economic Community concerning subsidies on the export of sugar;
- (b) between India and the United States regarding non-extension of the benefit of injury criterion for industrial fasteners; alleged improper methods and principles of calculating countervailing duties in the case of certain products; and, alleged improper retroactive application of countervailing duties on leather footwear and uppers.

15. The European Economic Community requested conciliation under Article 17 regarding US subsidies on the export of wheat flour. The Committee considered this matter at a special meeting of 18 May 1983 and decided to establish a panel to examine the EEC complaint.

16. Canada held consultations under Article 3 of the Agreement with the United States and further requested conciliation under Article 17 regarding the US countervail cases on certain softwood lumber products exported from Canada. Pending a final resolution of these cases Canada asked that this matter be deferred.

17. The following actions were notified to the Committee under Article 12 of the Agreement:

- (a) the United States requested consultations with the European Economic Community concerning certain subsidy programmes maintained by Greece;
- (b) the United States requested consultations with the European Economic Community regarding EEC subsidies on the export of poultry and poultry parts;

- (c) the United States requested consultations with the European Economic Community regarding EEC subsidies on the export of sugar.

V. Other activities of the Committee

18. The Committee had adopted a procedure (SCM/M/2) for handling commitments under Article 14:5 of the Agreement. This Article provides that a developing country Signatory should endeavour to enter into a commitment to reduce or eliminate export subsidies when the use of such export subsidies is inconsistent with its competitive and development needs. Some Signatories stated that in their view these commitments were unilateral and voluntary. The Committee agreed that countries intending to enter into a commitment under Article 14:5 shall notify the Committee in good time. For this purpose they are invited to notify the Chairman of the Committee of the proposed commitment at least forty-five days before the matter is taken up by the Committee. The following Signatories have notified their commitments under Article 14:5: Brazil (L/4922, SCM/13 and SCM/38); Uruguay (L/4924); Korea (SCM/3) and Egypt (SCM/16). Some Signatories have stressed the need for transparency of existing export subsidy systems in order to enable them to have a fuller understanding of the effects of commitments.

19. The Group of Experts on the Definition of the Word "Related" established jointly by this Committee and the Committee on Anti-Dumping Practices in May 1980 (SCM/M/3, paragraphs 33-45) completed its work and submitted a report to the Committee in April 1981 (SCM/M/6, Annex I). The Committee adopted this report at its 28-30 October 1981 meeting. The Group of Experts on the Calculation of the Amount of a Subsidy established by the Committee at its May 1980 meeting is continuing its work and no report has so far been submitted to the Committee.

20. A draft decision on invocation of the provisions of Article 19:9 submitted by the delegation of India continues to be under consideration by the Committee.

21. The Committee examined, at a special meeting on 12 October 1981, the acceptance of the Agreement by New Zealand with a reservation. The Committee consented to the entering of the reservation by New Zealand subject to the condition that this reservation should be withdrawn by the Government of New Zealand not later than 31 March 1985.

22. The Committee discussed, at a special meeting on 27 October 1981, a statement made by Australia on its acceptance of the Agreement relating particularly to its expectations concerning the early development of effective and equitable disciplines on agricultural export subsidies (SCM/9). The Committee noted that this statement did not reflect its views. It further noted that it did not constitute a reservation in terms of Article 19:3 and would not be claimed as such by Australia and that the Agreement was to apply to Australia from 28 October 1981 (SCM/14/Rev.1).

23. The Committee examined, at its meeting of 29 April 1982, the reservations under Article 19:5 proposed by Spain. The Committee accepted this reservation subject to the condition that it should be withdrawn by the Government of Spain not later than 31 December 1984 (SCM/25).

24. At its meeting of 15 July 1982 the Committee examined actions taken by the United States concerning certain steel products exported by the EEC.

25. At the April 1982 meeting of the Committee several delegations raised diverse aspects of the problem of export credits (SCM/M/11).

26. The Committee invited other contracting parties which had not, as yet, adhered to the Agreement, to do so as soon as possible. In this connexion, the hope was expressed that more developing countries would adhere to the Agreement and that observers be more closely involved in the work of the Committee. The Committee agreed to invite, to that end, interested parties to discuss with it any obstacles that might exist to their adhering to the Agreement.

ANNEX I

Summary of Countervailing Duty Actions

Reporting country	Reporting period	Initiation		Provisional measures		Definite duties		Outstanding ¹ duties
		No.	Countries ³ involved	No.	Countries ³ involved	No.	Countries ³ involved	
US	1 July 1980- 30 June 1981	7	AU AR BR(9) BH(7) CA CR DE(3) ES(5) FR(11) GR(9) IT(8) IN(2)	5	AH CO MX NZ UY	3	IN(2) MX	48
	1 July 1981- 30 June 1982	75	BR(9) BH(7) CA CR DE(3) ES(5) FR(11) GR(9) IT(8) IN(2) LU MX ZA(11)	46	BR(3) BH(3) CR DE(4) ES(6) FR(2) GB(4) IT(4) IN(2) JP KR NL(2) NZ UY ZA(9)	9	BR(2) ES(2) IN(2) IT JP MX	n.a.
UK ²	1 July 1980- 30 June 1981	-						
	1 July 1981- 30 June 1982	1	BH					n.a.
Canada	1 July 1980- 30 June 1981	3	AT CH FI	3	AT CH FI			
	1 July 1981- 30 June 1982	-						n.a.
Chile ⁴	1 July 1980- 30 June 1981	61	AH(19) BH(25) CR(5) CO(1) ES(2) FR(12) GR(1) KH(1) UY(1)	8	AH(2) BH CR PK(3) UY			
	1 July 1981- 30 June 1982							

ANNEX I (Cont'd)
Summary of Countervailing Duty Actions (Cont'd)

Reporting country	Reporting period	Initiation ³		Provisional measures ³		Definite duties ³		Outstanding ¹ cvd actions
		No.	Countries involved	No.	Countries ³ involved	No.	Countries ³ involved	
US	1.7-31.12.1982	30	AR BR(4) CA(2) CO DE ES(2) FR(3) LU MX(8) PE(2) TW ZA(4)	26	AR BE BR(5) CA DE ES(2) FR(3) KR MX(5) PE(2) ZA(4)	16	DE ES(4) FR(3) GB IT KR LU MX ZA(3)	51
CE ²	1.7-31.12.1982	2	BR ES					n.a.
Canada	1.7-31.12.1982	1	IT					n.a.
Australia	1.7-31.12.1982	2	NZ US	2	NZ US			n.a.
Chile	1.7-31.12.1982	15	AR(4) BR(5) CE PE(2) TW UY	1	CE			n.a.

¹ Calculated for each exporting country and each product (country x product). Calculated on a basis of products only, irrespective of the number of exporting countries, these numbers would be considerably lower. The actions taken into account are only those reported in accordance with the footnote to the standard form (SCM/2).

² Actions taken with respect to the Parties only.

³ Countries or customs territories. The abbreviations used are those adopted by the ISO. AR=Argentina, AT=Austria, AU=Australia, BE=Belgium, BR=Brazil, CA=Canada, CE=EEC, CH=Switzerland, CL=Chile, CN=China, CO=Colombia, CS=Czechoslovakia, DD=German, Dem. Rep., DE=Fed. Rep. of Germany, ES=Spain, FI=Finland, FR=France, GB=United Kingdom, HK=Hong Kong, HU=Hungary, IN=India, IT=Italy, JP=Japan, KR=Korea, LU=Luxembourg, MX=Mexico, MY=Malaysia, NL=Netherlands, PE=Peru, PO=Poland, PT=Portugal, RO=Romania, SE=Sweden, SC=Singapore, SU=USSR, TW=Taiwan, US=United States, UY=Uruguay, YU=Yugoslavia, ZA=South Africa.

⁴ No action has been reported for the period 1980-1981.

Note: The difference in the number of cases between this table and the table attached to L/5231 result mainly from the methods used in each calculation. The table in L/5231 includes all cases reported in semi-annual reports for a given period, irrespective of whether the reported action has indeed taken place within such a period. The above table includes only those actions which were reported and effectively have taken place within the reporting period.

Numbers in brackets indicate the number of products subject to countervailing duty.

ANNEX II

Latest Full Notifications (1981) under Article XVI:1 and Changes hereto
by Signatories to the Subsidies/Countervailing Measures Code

	L/5102 (full)	L/5282 ¹ changes reported in 1982	L/5449 ¹ changes reported in 1983
Australia	Add.8	Add.3	
Austria	Add.13	L/5102/Add.13/Suppl.1	Add.7
Brazil	Add.21		
Canada	Add.10 and Suppl.		
Chile	Add.7	Add.1	Add.1
Egypt	None		
Finland	Add.3 and Suppl.		Add.6 and Suppl.
India	Add.18		Add.3
Japan	Add.16		
Korea	Add.17		
New Zealand	Add.19		
Norway	Add.11 and Suppl.		
Pakistan	Add.22		
Spain	Add.20		
Sweden	Add.14 and Suppl.		
Switzerland	Add.9	Add.2	
UK/Hong Kong	Add.12		Add.5
United States	Add.15		Add.8 and Suppl.
Uruguay	None		
Yugoslavia	None		
EEC	Add.6 and Suppl.		
Belgium	"		
Denmark	"		
Germany, F.R.	"		
France	"		
Ireland	"		
Italy	"		
Luxembourg	" and Add.1		
Netherlands	"		
United Kingdom	"		
Greece	None		

¹ This column does not necessarily reflect the real status of notifications of changes to the full notification as some of the full notifications due in 1981 and which appear in the first column have been made in 1982 or even in 1983.