

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Subsidies and  
Countervailing Measures

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## NOTE BY THE EEC TO THE MEMBERS OF THE COMMITTEE ON SUBSIDIES AND COUNTERVAILING MEASURES

1. The European Community has already submitted a partial notification (L/5102/Add. 6). Without prejudice to the status of these measures already notified, the Community offers the following preliminary observations to contribute to the discussion by the Committee of the problems that arise in connection with the notification exercise under Article XVI:1 which has now to be reconsidered in the light of the new provisions of the Code.
2. Like most Contracting Parties, the European Community and its Member States apply a number of domestic aid programmes for the promotion of social and economic policy objectives. These programmes aim to eliminate regional disadvantages, to facilitate restructuring of specific industrial sectors, and to achieve, in general terms, the objectives mentioned in Article 11 of the Code. These programmes are already widely known to the Community's trading partners e.g. through official publications and information provided in specific cases in the context of international examinations of particular industries such as textiles, steel and shipbuilding.
3. The direct or indirect trade effects of these programmes are extremely difficult to estimate, in the terms mentioned in Article XVI:1. For example, some assistance provided by governments is in the form of grants for retraining or redundancy of workers, or for the scrapping of productive capacity. The purpose of this is not to influence "the quantity of products imported or exported" in any negative way and it would not appear likely to create trade problems. In the Community view, only programmes which provide a subsidy on the production, manufacture or export of particular goods should be considered as having significant trade effects on other countries - and then only in particular circumstances, to be assessed case by case.
4. As regards these types of subsidy programme, the Community is of the view that no subsidy scheme is operated at present directly or indirectly so as to increase exports or reduce imports to an extent which justifies notification under Article XVI:1. The European Community and its Member States remain ready nevertheless to provide information in response to any specific requests in accordance with the provisions of Article 7 of the Code.

5. In the specific case of export credit practices, the Community considers that notification is not required since, in its view, such practices when in conformity with the provisions of a relevant international undertaking on official export credits are not to be considered subsidies within the scope of the Code.