

GENERAL AGREEMENT ON TARIFFS AND TRADE

REPORT (1984) 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 20 October 1984 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 Communities. 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. During the period under review the Committee has held seven meetings, three of which were held under the dispute settlement procedure. The regular meetings of the Committee were held on:

19 May 1983	-	SCM/M/17
9-10 June 1983	-	SCM/M/18
17 November 1983	-	SCM/M/19
10 March 1984	-	SCM/M/20
1-2 November 1984	-	SCM/M/21

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 and implementing regulations (Article 19:5)

4. As of 20 October 1984 fifteen Signatories have submitted their legislation concerning countervailing duty procedures or made communications in this respect to the Committee (SCM/1 and addenda). Six 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. During the period under review the Committee has examined the countervailing duty legislation of Australia (SCM/1/Add.18/Rev.1), Uruguay (SCM/1/Add.19), New Zealand (SCM/1/Add.15/Rev.1) and the European Communities (SCM/1/Add.1/Suppl.3). The Committee also discussed some points related to the legislation of Canada, Chile, Korea and the United States.

6. Some Signatories drew the Committee's attention to certain provisions in domestic legislation of some other Signatories which they considered 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.

III. Semi-annual reports on all countervailing duty actions

7. Article 2:16 of the Agreement provides that the Signatories shall submit, on a semi-annual basis, reports of any countervailing duty actions taken within the preceding six months. In this relation a standard form for such reports has been worked out (SCM/2). During the period under review the following reports have been submitted and circulated to the Committee:

- (a) reports for the period 1 January 1983-30 June 1983 have been circulated in addenda to SCM/44. The following Signatories have notified the Committee that they have not taken any countervailing duty action during that period: Austria, Brazil, Egypt, Finland, India, Korea, New Zealand, Norway, Pakistan, Spain, Sweden, Switzerland, United Kingdom on behalf of Hong Kong, Uruguay and Yugoslavia (Add.1). Countervailing duty actions have been notified by Australia (Add.6); Canada (Add.7); Chile (Add.2), the EEC (Add.5); Japan (Add.3) and the United States (Add.4).
- (b) reports for the period 1 July 1983-31 December 1983 have been circulated in addenda to SCM/48. The following Signatories have notified the Committee that they have not taken any countervailing duty action during that period: Austria, Brazil, Egypt, Finland, India, Japan, Korea, New Zealand, Norway, Pakistan, Spain, Sweden, Switzerland, United Kingdom on behalf of Hong Kong, Uruguay and Yugoslavia (Add.1). Countervailing duty actions have been notified by Australia (Add.3); Canada (Add.2); Chile (Add.6); the EEC (Add.4) and the United States (Add.5).
- (c) reports for the period 1 January 1984-30 June 1984 have been circulated in addenda to SCM/50. The following Signatories have notified the Committee that they had not taken any countervailing duty action during that period: Austria, Brazil, Egypt, Finland, India, Korea, New Zealand, Norway, Pakistan, Spain, Sweden, Switzerland, United Kingdom on behalf of Hong Kong, Uruguay and Yugoslavia (Add.1). Countervailing duty actions have been notified by Australia (Add.4), Canada (Add.7), Chile (Add.2), the EEC (Add.6), Japan (Add.5) and the United States (Add.3).

The Committee has examined these reports. A number of comments on particular cases were made and explanations given. The Committee decided to revert to some of those explanations at its subsequent meetings. A table summarizing the cases where investigations have been opened and provisional or final actions taken during the period 1 July 1982-30 June 1984 is reproduced in the Annex I.

IV. Reports on all preliminary or final countervailing duty actions

8. Notifications under these procedures have been received from Canada, the EEC and the United States and circulated in documents SCM/W/47, 52, 55, 56, 57, 60, 65, 67, 68, 69, 70, 72, 73 and 77.

V. Notification of subsidies

9. 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 have been due in 1984. The present status of notifications by Signatories is reproduced in Annex II.

10. The Committee noted that of twenty-one Signatories eighteen have submitted their notifications but considered that further improvements, both quantitative and qualitative should be made. As not all Signatories fulfilled their obligation under Article XVI:1, the Committee was unable to proceed with a detailed examination of individual notifications. The Committee therefore agreed to postpone its special meeting on notifications until 4 December 1984. The Committee strongly urged those signatories which have not submitted their notifications to do so without further delay.

11. The Committee has also discussed some general problems related to notifications under Article XVI:1. Pursuant to the decision of the Committee taken at its meeting of 17 November 1983 some Signatories submitted written comments on points related to improving the quality of notifications (SCM/49 and addenda). The Committee will examine these comments at its December 1984 meeting.

VI. Other activities of the Committee

12. The Group of Experts on the Calculation of the Amount of a Subsidy, established by the Committee at its May 1980, meeting submitted two draft guidelines concerning determination of substitution drawback systems as export subsidies (SCM/W/71) and physical incorporation (SCM/W/74). The Committee adopted the guidelines concerning determination of substitution drawback systems on export subsidies (circulated in SCM/52). In this respect the Chairman stated that these guidelines constituted an understanding on the manner in which signatories intended to calculate the amount of certain subsidies. These guidelines do not add new obligations nor do they detract from the existing obligations under the Code.

13. At the November 1983 meeting the observer for Colombia had raised some problems related to the difficulties his country and other developing countries were facing in their efforts to accede to the Agreement. Following a suggestion by the representative of India the Committee had requested the Chairman to hold informal consultations with a view to examining these problems in detail. Four rounds of such consultations have already taken place and it was the general feeling that they should continue.

14. At its meeting of 29 April 1982 the Committee decided to consent to the entering of the reservation by Spain (the text of which is contained in

document L/5517) subject to the condition that this reservation shall be withdrawn not later than 31 December 1984. At the November 1984 meeting the representative of Spain informed the Committee about the present situation regarding this reservation and requested that this reservation be extended until 31 December 1985. The Committee decided to revert to this matter at its December 1984 meeting.

VII. Consultations under Articles 12 and 16

15. The delegation of Canada has notified the Committee about consultations it has held, under Article 12:1 of the Agreement, with the EEC concerning the consistency of EEC subsidies on export of frozen beef with Article 10:3 of the Agreement.

16. The EEC delegation expressed its very serious concern regarding the definition of industry concerning wine and grape products contained in the US Trade and Tariff Act of 1984, which, it considered, departed in a significant way from the Agreement's definition of industry. It requested that the Committee hold a special session, at short notice, under Article 16:1 of the Agreement, in order to afford signatories the opportunity of consulting on this matter. The Committee agreed to hold such a session at a date to be agreed in consultations between interested parties.

VIII. Dispute settlement procedures

17. The Committee continued its examination of the report of the Panel on the EEC subsidies on export of wheat flour (SCM/42) submitted to the Committee on 21 March 1983 and of the report of the Panel on the EEC subsidies on export of pasta products (SCM/43) submitted to the Committee on 19 May 1983. At its May 1984 meeting the Committee authorized the Chairman to continue informal consultations with a view to proposing an appropriate solution to these two matters. These consultations are still going on.

18. At its meeting of 18 November 1983 the Committee examined a request from the United States to undertake conciliation under Article 17:1 of the Agreement pursuant to the US complaint concerning the granting of subsidies by Brazil and the EEC on the export and production of poultry. The Committee authorized the Chairman to organise informal consultations with interested Signatories, without prejudice to any legal positions delegations may have in the Committee. There have been four rounds of such informal consultations.

Summary of Countervailing Duty Actions

Reporting country	Reporting period	Initiation		Provisional measures		Definitive duties		Outstanding cvd actions
		No.	Countries ¹ involved	No.	Countries ¹ involved	No.	Countries ¹ involved	
US	1.7.1982- 30.6.1983	35	AR BR(4) CA(2) CO DE ES(2) FR(3) LU MX(10) PE(2) PH SG TT TW ZA(4)	34	AR(2) BE BR(6) CA(2) CO DE ES(2) FR(3) GB KR MX(6) PE(2) ZA(6)	23	AR DE ES(4) FR(4) GB(2) IT KR LU MX(3) PE(2) ZA(3)	53
		22	AR AU BR(3) CN CS DD ES(2) IS IT MX(6) PE PK PL ZA	17	AR BR ES(2) IS IT MX(6) PE PH PK SG TT	4	IT MX PH ZA	56
CE ²	1.7.1982- 30.6.1983	3	BR ES(2)			1	BR	n.a.
		1	BR	1	ES	2	BR ES	n.a.
Canada	1.7.1982- 30.6.1983	2	IT(2)	1	IT			1
		3	DK EC NL	3	DK EC NL			3
Australia	1.7.1982- 30.6.1983	9	NZ(2) DE(2) DK(2) NL(2) US	8	DE(2) DK(2) NL(2) NZ US			2
		3	FR(2) NO	7	DE(2) DK(2) FR NL(2)			2
Chile	1.7.1982- 30.6.1983	33	AR(6) BR(12) CE CO ES(3) JP KR(5) PE(2) TW UY	1	CE			n.a.
		20	AR BR(12) ES(6) PE					n.a.
Japan	1.7.1982- 30.6.1983	1	PK					n.a.

¹ 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, DK=Denmark, ES=Spain, FI=Finland, FR=France, GB=United Kingdom, HK=Hong Kong, HU=Hungary, IN=India, IS=Israel, IT=Italy, JP=Japan, KR=Korea, LU=Luxembourg, MX=Mexico, MY=Malaysia, NL=Netherlands, NO=Norway, NZ=New Zealand, PE=Peru, PH= Philippines, PK=Pakistan, PL=Poland, PT=Portugal, RO=Romania, SE=Sweden, SG=Singapore. SU=USSR, TT= Trinidad and Tobago, TW=Taiwan, US=United States, UY=Uruguay, YU=Yugoslavia, ZA=South Africa.

² Actions taken with respect to the Signatories only.

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

ANNEX II

Latest Full Notifications (1984) under Article XVI:1
by Signatories to the Subsidies/Countervailing Measures Code
(status on 5 November 1984)

	L/5603	Coverage of notifications ^x
Australia	Add.18	Agriculture/Industry
Austria	Add.11 & Suppl.1	Agriculture/Industry
Brazil	*	
Canada	Add.20	Agriculture/Industry
Chile	Add.1	No subsidies within the meaning of Article XVI:1
Egypt	*	
Finland	Add.16	Agriculture/Industry
India	Add.6	Agriculture/Industry
Japan	*	
Korea	Add.13	Agriculture/Industry
New Zealand	Add.22	Agriculture/Industry
Norway	Add.10	Agriculture/Industry
Pakistan	Add.23	Agriculture/Industry
Spain	Add.24	Agriculture/Industry
Sweden	Add.21	Agriculture/Industry
Switzerland	Add.12	Agriculture/Industry
UK/Hong Kong	Add.3	No subsidies within the meaning of Article XVI:1
United States	Add.9	Agriculture/Industry
Uruguay	Add.14	No subsidies within the meaning of Article XVI:1
Yugoslavia	Add.19	Agriculture/Industry
EEC	Add.15 & Suppl.1	Agriculture/Industry
Belgium	xx Suppl.1	Domestic industrial measures
Denmark	xx	
Germany, F.R.	xx Suppl.1	Domestic industrial measures
France	xx	
Ireland	xx	
Italy	xx	
Luxembourg	xx	
Netherlands	xx	
United Kingdom	xx + Add.8	Domestic agricultural measures
Greece	xx	

^xIn one or two cases a notification which apparently covers almost exclusively agricultural sector is listed hereunder as covering agriculture and industry. The reason is that when such a notification was submitted, the secretariat was informed by the notifying country that no other subsidies within the meaning of Article XVI:1 are granted or maintain in that country.

^{xx}Subsidies concerning products covered by the CAP have been notified in document L/5603/Add.15. Measures applied in the industrial sector at the EEC level have been notified in Add.15/Suppl.1.

* No notification submitted.