

Committee on Subsidies and  
Countervailing Measures

DRAFT REPORT (1987) 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 15 October 1987 the following were the signatories of the Agreement: Australia, Austria, Brazil, Canada, Chile, Egypt, the European Economic Community, Finland, Hong Kong, India, Indonesia, Israel, Japan, Korea, New Zealand, Norway, Pakistan, Philippines, Spain, Sweden, Switzerland, Turkey, United States, Uruguay and Yugoslavia (subject to ratification). Some signatories do not apply the Agreement in their mutual relations and some other signatories apply it on a provisional basis.

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 three meetings: on 5 May 1987 (SCM/M/33), on 3 June 1987 (SCM/M/34) and on 27-28 October 1987 (SCM/M/35).

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

II. Notification and examination of countervailing duty laws and/or regulations of signatories of the Agreement (Article 19:5)

4. As of 15 October 1987 twenty-two signatories have submitted their legislation concerning countervailing duty procedures or made communications in this respect to the Committee (SCM/1 and addenda). Three 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 received new notifications regarding (amendments to) countervailing duty laws and/or regulations from the following signatories:

Australia: Customs Notice No. 87/169 outlining new procedures for the processing of anti-dumping and countervailing duty petitions (SCM/1/Add.18/Rev.1/Suppl.1).

- Brazil: Decree No. 93.962 of 22 January 1987 promulgating the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade (SCM/1/Add.26); Customs Policy Commission Resolution No. 00-1227 of 14 May 1987 (SCM/1/Add.26/Suppl.1).
- Japan: Guidelines for the conduct of anti-dumping and countervailing duty investigations (SCM/1/Add.8/Suppl.1)

6. At its two regular meetings held during the period under review the Committee reverted to and concluded its examination of the countervailing duty legislation of India (Customs Tariff (Second Amendment) Act of 1982 and the related Customs Tariff Rules of 1985, SCM/1/Add.25 and Corr.1) and it continued its examination of the countervailing duty legislation of Korea (Article 13 of the Customs Act and Article 4-13 of the Presidential Decree of the Customs Act, SCM/1/Add.13/Rev.2), Pakistan (Ordinance No. III of 1983, SCM/1/Add.24) and the Philippines (Section 302 of Presidential Decree No. 1464 and Department of Finance Order No. 300, SCM/1/Add.23). In addition, the Committee started its examination of the notifications listed in the preceding paragraph.

7. Some signatories drew the Committee's attention to certain provisions in the 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 right 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 legislation.

8. A number of signatories expressed their concerns regarding possible amendments to the countervailing duty legislation of the United States.

### III. Semi-annual reports on all countervailing duty actions

9. 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/79). During the period under review, the following reports have been submitted and circulated to the Committee:

- (a) reports for the period 1 July 1986-31 December 1986 have been circulated in addenda to SCM/80. The following signatories have notified the Committee that they have not taken any countervailing duty action during that period: Austria, Brazil, Chile, the EEC, Finland, Hong Kong, India, Israel, Japan, Korea, New Zealand, Pakistan, Switzerland, Turkey, Uruguay and Yugoslavia (Add.1). Countervailing duty actions have been notified by Australia (Add.2); Canada (Add.4); and the United States (Add.3). No report has been received from Indonesia, the Philippines and Sweden.

- (b) reports for the period 1 January 1987-30 June 1987 have been circulated in addenda to SCM/84. The following signatories have notified the Committee that they have not taken any countervailing duty action during that period: Austria, Brazil, Chile, Finland, Hong Kong, India, Israel, Japan, Philippines, Sweden, Switzerland, Turkey and Yugoslavia (Add.1). Countervailing duty actions have been notified by Australia (Add.3) and Canada (Add.2). No report has been received from .....

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 1985-30 June 1987 is reproduced in Annex I. [This table will be added once the secretariat has received the semi-annual report of the United States.]

#### IV. Reports on all preliminary or final countervailing duty actions

10. Notifications under these procedures have been received from Australia, Canada, New Zealand and the United States and circulated in documents SCM/W/128, 129, 130, 131, 132, 138, 141, 142 and 144.

#### V. Notification of subsidies

11. At the meeting of the Committee of 3 June 1987 the Chairman recalled the obligation under Article XVI:1 of the General Agreement to submit, in 1987, new and full notifications of subsidies (see document L/6111/Suppl.1). In this respect he noted that in autumn 1987 or soon thereafter the Committee would hold a special meeting to examine the new and full notification submitted by the signatories. In order to facilitate the preparation of this special meeting he requested the signatories to submit their notifications at the latest by mid-September 1987 (SCM/M/34, paragraph 59).

12. As of 15 October 1987 the following signatories have submitted their new and full notifications: Hong Kong (L/6111/Add.1), Finland (L/6111/Add.2 + Suppl.1), India (L/6111/Add.4), Canada (L/6111/Add.5), Brazil (L/6111/Add.6), Turkey (L/6111/Add.7), Uruguay (L/6111/Add.8), Chile (L/6111/Add.9), Yugoslavia (L/6111/Add.11), Korea (L/6111/Add.12), Switzerland (L/6111/Add.13), Australia (L/6111/Add.14), Sweden (L/6111/Add.15), Austria (L/6111/Add.16) and the United States (L/6111/Add.17). No notification has been received from Egypt, Indonesia, Israel, Japan, New Zealand, Norway, Pakistan, the Philippines, Spain and the EEC.

13. [To be added]

VI. Group of Experts on the calculation of the amount of a subsidy

14. During the reporting period the Group of Experts on the calculation of the amount of a subsidy did not submit any new draft guidelines. The draft guidelines on the application of the concept of specificity submitted to the Committee in April 1985 still have not been adopted due to some concerns expressed by the United States.

15. At the request of the Committee the Group reverted to paragraph 4(b) of document SCM/W/74/Rev.1 which had not been included in the Guidelines on Physical Incorporation (SCM/68) adopted by the Committee at its meeting of October 1985. The Group of Experts has re-examined this paragraph but has not proposed any changes to the existing text.

16. At its meeting of 3 June 1987 the Committee was informed by the Chairman of the Group of Experts, that, because of the heavy involvement of a number of experts in the multilateral trade negotiations, the Group proposed to temporarily suspend its activities. The Committee agreed to this proposal, it being understood that the Group would remain on call and that the Chairman of the Committee might reconvene this Group whenever necessary.

VII. Dispute settlement procedures

17. [Except if there are new developments it is proposed that the text now appearing in paragraph 16 of L/6089 be inserted.]

18. At its meeting of 3 June 1987 the Committee adopted the report of the Panel on the initiation by the United States of a countervailing duty investigation of softwood lumber products from Canada (SCM/83). Given the fact that the two parties had reached a bilateral solution, the Panel had considered it appropriate to limit its report to a brief factual description of its proceedings and to provide some information regarding the nature of the bilateral solution

19. [Canada - Imposition of countervailing duties on imports of manufacturing beef from the EEC].

VIII. Other activities of the Committee

20. On 5 May 1987 the Committee held a special meeting to afford signatories the opportunity of consulting, under Article 16:1 of the Agreement on the matter referred to the Committee by the United States concerning the imposition by Canada of a countervailing duty on imports of grain corn originating in or exported from the United States (SCM/M/33).