

GENERAL AGREEMENT ON

RESTRICTED

L/6590

22 November 1989

TARIFFS AND TRADE

Limited Distribution

REPORT (1989) 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 (the Agreement) entered into force on 1 January 1980. On 15 October 1989 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, Sweden, Switzerland, Turkey, United States and Uruguay. Yugoslavia signed the Agreement 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 two meetings: on 26 April 1989 (SCM/M/43) and on 26-27 October 1989 (SCM/M/44).

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 1989, 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:

United States: Title VII of the Tariff Act of 1930 as amended by Part 2 of Subtitle C of Title 1 of the Trade and Competitiveness Act of 1988 (SCM/1/Add.3/Rev.3/Corr.1).

Revised Countervailing Duty Regulations of the United States (SCM/1/Add.3/Rev.3/Suppl.1)

Brazil: Resolution No. 00-1582 amending certain provisions of Resolution No. 00-1227 (SCM/1/Add.26/Suppl.2)

Korea: Amendment of the Presidential Decree of the Korean Customs Act on Anti-Dumping/Countervailing Duty (SCM/1/Add.13/Rev.2/Suppl.1)

Turkey: Law on the prevention of unfair competition in importation (SCM/1/Add.28)

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 Australia (SCM/1/Add.18/Rev.1/Suppl.2). The Committee continued its examination of the legislation listed in the preceding paragraph and that of New Zealand (SCM/1/Add.15/Rev.2).

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

- (a) reports for the period 1 July 1988-31 December 1988 have been circulated in addenda to SCM/91. The following signatories have notified the Committee that they have not taken any countervailing duty action during that period: Brazil, Chile, Egypt, Finland, Hong Kong, India, Indonesia, Israel, Japan, Korea, Norway, Pakistan, the Philippines, Sweden, Switzerland, Turkey, Uruguay and Yugoslavia (Add.1). Countervailing duty actions have been notified by Australia (Add.3); Canada (Add.5); the EEC (Add.2); New Zealand (Add.4) and the United States (Add.6). No report has been received from Austria and Spain.

* The Committee may revert to particular aspects of any legislation or implementing regulations at a later stage or in the light of their practical implementation.

(b) reports for the period 1 January 1989-30 June 1989 have been circulated in addenda to SCM/93. The following signatories have notified the Committee that they have not taken any countervailing duty action during that period: Austria, Brazil, Chile, the EEC, Egypt, Finland, Hong Kong, India, Indonesia, Israel, Japan, Korea, New Zealand, Norway, Sweden, Switzerland, Turkey and Yugoslavia. Countervailing duty actions have been notified by Canada (Add.2), the United States (Add.3) and Australia (Add.4). No report has been received from Pakistan, Philippines and Uruguay.

8. The Committee has examined reports circulated in addenda to SCM/91 and SCM/93. A table summarizing the cases where investigations have been opened and provisional or final actions taken during the period 1 July 1988-30 June 1989 is reproduced in Annex I.

IV. Reports on all preliminary or final countervailing duty actions

9. Notifications under these procedures have been received from Australia, Canada and the United States and circulated in documents SCM/W/164, 172, 195, 198 and 203.

V. Notification of subsidies

10. 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 1987 and updating notifications in 1988 and 1989. The present status of notifications by signatories is reproduced in Annex II.

11. The Committee held a special meeting on 27 October 1988 to examine notifications under Article XVI:1. The Committee continued this examination at its meetings of 26 April 1989 and 26-27 October 1989. A number of questions were raised and clarification sought regarding individual notifications. Written questions and answers regarding individual notifications are reproduced in documents SCM/W/162, 165, 166, 167, 170, 174, 175, 181, 188, 190, 191, 199, 200 and 209. The Committee noted that all signatories, except one, had submitted their full notifications due in 1987. The Chairman expressed his concern about the unsatisfactory state of notifications, in particular up-dating notifications due in 1988 and 1989, where a number of signatories failed to fulfill their obligations under Article XVI:1 of the General Agreement (see Annex II). It was also recalled that in 1990 all contracting parties should submit new and full notifications and that the Code signatories had, by virtue of Article 7, a special obligation to comply with the requirements of Article XVI:1.

VI. Dispute settlement procedures

12. Four of the six Panel Reports which since the entry into force of the Agreement in 1980 have been submitted by respective panels, have not been adopted by the Committee:

- (a) Report of the Panel on the EEC subsidies on export of wheat flour (SCM/42) submitted to the Committee on 21 March 1983.
- (b) Report of the Panel on the EEC subsidies on export of pasta products (SCM/43) submitted to the Committee on 19 May 1983.
- (c) Report of the Panel on the US definition of industry concerning wine and grape products (SCM/71) submitted to the Committee on 24 March 1986.
- (d) Report of the Panel on the Imposition by Canada of countervailing duties on imports of boneless manufacturing beef from the EEC (SCM/85) submitted to the Committee on 13 October 1987.

13. During the reporting period these reports were discussed at the regular sessions of 26 April 1989 and 26-27 October 1989. The Chairman held some informal consultations with the signatories directly involved with a view to restoring confidence in the dispute settlement procedure under the Agreement. These discussions have revealed that some of these signatories were still not ready to work out a satisfactory solution.

14. In a communication dated 13 June 1988 (SCM/87) the delegation of Brazil referred to the Committee a dispute with the United States on entries of non-rubber footwear from Brazil between 1 January 1980 and 28 October 1981. As it had not been possible for the Committee to resolve the matter under the conciliation provisions of the Code, the Committee agreed at its meeting of 6 October 1988 (SCM/M/40/Add.1) to establish a panel. The Panel submitted its report to the Committee on 4 October 1989 (SCM/94). At the request of the delegation of Brazil, the Committee agreed to postpone its consideration of this report until its April 1990 meeting.

15. At its meeting of 26 October 1989 the Committee undertook, at the request of the United States, conciliation under Article 17:1 of the Agreement, concerning injury determination by Canada on grain corn exported from or originating in the United States (SCM/95). The Committee encouraged the signatories concerned to develop a mutually acceptable solution, consistent with the Code and agreed to revert to this matter at its April 1990 meeting.

VII. Other matters

16. On 24 July 1989 the Director-General received a notification to the effect that in accordance with the provisions of Article 19:8 of the

Agreement. Spain was withdrawing its accession to the Agreement. This withdrawal took effect on 22 September 1989.

17. At its meeting of 26 October 1989 the Committee initiated a discussion relating to the "evidence threshold" necessary to initiate a countervailing duty investigation.

ANNEX I

Summary of Countervailing Duty Actions, 1 July 1988-30 June 1989

Reporting country	Reporting period	Initiation		Provisional Measures		Definitive duties		Undertakings		Outstanding cvd actions
		No.	Countries ¹ involved	No.	Countries ¹ involved	No.	Countries ¹ involved	No.	Countries ¹ involved	
Australia	1.7.1988-30.6.1989	2	GR IS	2	GR IS	-		-		2
Canada	1.7.1988-30.6.1989	1	BR	1	BR	-				8
US	1.7.1988-30.6.1989	8	BR CA(2) IS MY SG TH VE	11	AR BR CN(3) IS MY SG(2) TH VE	8	AR SG TH(2) MY TR	-		91

¹Countries or customs territories. The abbreviations used are those adopted by the ISO. AR=Argentina, AU=Australia, BE=Belgium, BR=Brazil, CA=Canada, CE=EEC, CH=Switzerland, CL=Chile, CN=China, CO=Colombia, CR=Costa Rica, CS=Czechoslovakia, DD=German, Dem. Rep., DE=Germany, Fed. Rep, DK=Denmark, EC=Equador, ES=Spain, FI=Finland, FR=France, GB=United Kingdom, GR=Greece, HK=Hong Kong, HU=Hungary, ID=Indonesia, IN=India, IR=Iran, IS=Israel, IT=Italy, JP=Japan, KR=Korea, LK=Sri Lanka, LU=Luxembourg, MX=Mexico, MY=Malaysia, NL=Netherlands, NO=Norway, NZ=Netherlands, PA=Panama, PE=Peru, PH=Philippines, PK=Pakistan, PL=Poland, PT=Portugal, QA=Qatar, RO=Romania, SA=Saudi Arabia, SE=Sweden, SG=Singapore, SP=Spain, SV=El Salvador, TH=Thailand, TR=Turkey, TT=Trinidad and Tobago, TW=Taiwan, US=United States, UY=Uruguay, YU=Yugoslavia, VE=Venezuela, ZA=South Africa, ZH=Zimbabwe

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

ANNEX II

Notifications under Article XVI:1 of the General Agreement
by Signatories of the Code on Subsidies and
Countervailing Measures (1987-1989)

	L/6111 full notifications	L/6297 up-dating notifications	L/6450 up-dating notifications
Australia	Add.14	Add.9	
Austria	Add.16	Add.3	
Brazil	Add.6		Add.6
Canada	Add.5	Add.8	
Chile	Add.9	Add.7	Add.8
Egypt	Add.24		
Finland	Add.2 + Suppl.1		Add.4 [*]
Hong Kong	Add.1	Add.1	Add.1
India	Add.4		Add.3
Indonesia	Add.25		Add.14
Israel	Add.23		
Japan	Add.22		Add.10
Korea	Add.12	Add.10	
New Zealand	Add.20		Add.7
Norway	Add.21	Add.6	Add.13
Pakistan	None		
Philippines	Add.18		
Sweden	Add.15	Add.11	Add.11
Switzerland	Add.13	Add.12	Add.12
Turkey	Add.7		Add.2/Suppl.1
United States	Add.17		
Uruguay	Add.8	Add.2	
Yugoslavia	Add.11	Add.5	

* This notification covers the period referred to in L/6297.

	L/6111 full notifications	L/6297 up-dating notifications	L/6450 up-dating notifications
EEC ¹	Add.19		Add.5
Belgium			
Denmark			
France			
Germany, F.R.			
Greece			
Ireland			
Italy			
Luxembourg			
Netherlands			
Portugal			
Spain			
United Kingdom			

¹ Document L/6111/Add.19 and L/6450/Add.5 cover measures applied at the EEC level concerning products covered by the common agricultural policy and measures applied or authorized by the EEC and the ECSC in the industrial sector.