

GENERAL AGREEMENT ON

RESTRICTED

L/6762

14 November 1990

TARIFFS AND TRADE

Limited Distribution

REPORT (1990) 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 1990 the following were the signatories of the Agreement: Australia, Austria, Brazil, Canada, Chile, Colombia, 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.

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 four meetings: on 31 January 1990 (SCM/M/45) on 24 April 1990 (SCM/M/46), 22 June 1990 (SCM/M/47) and on 25 October 1990 (SCM/M/48).

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). Two signatories (Colombia and Egypt) have not, as yet, made formal notifications to the Committee under Article 19:5 of the Agreement.

5. During the period under review the Committee has received new notifications regarding amendments to countervailing duty laws and/or regulations from Australia (SCM/1/Add.18/Rev.1/Suppl.3), Canada (SCM/1/Add.6/Rev.2) and New Zealand (SCM/1/Add.15/Rev.3/Add.1). The Committee started its examination of these amendments at the meeting of 25 October 1990.

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 Brazil (SCM/1/Add.26/Suppl.2), the United States (SCM/1/Add.3/Rev.3/Corr.1 and SCM/1/Add.3/Rev.3/Suppl.1) and Korea (SCM/1/Add.13/Rev.2/Suppl.1). The Committee continued its examination of the legislation of Turkey (SCM/1/Add.28).

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 1989-31 December 1989 have been circulated in addenda to SCM/98. 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, Korea, New Zealand, Norway, Pakistan, Sweden, Switzerland, Turkey, Uruguay and Yugoslavia (Add.1). Countervailing duty actions have been notified by Australia (Add.3); Canada (Add.2); and the United States (Add.4). No report has been received from Egypt, Indonesia, Japan, the Philippines and Uruguay.
- (b) reports for the period 1 January 1990-30 June 1990 have been circulated in addenda to SCM/104. The following signatories have notified the Committee that they have not taken any countervailing duty action during that period: Austria, Brazil, Chile, Colombia, the EEC, Finland, Hong Kong, Japan, Korea, New Zealand, Norway, Sweden, Switzerland, Turkey and Yugoslavia. Countervailing duty actions have been notified by the United States (Add.2), Canada (Add.3) and Australia (Add.4). No report has been received from Egypt, India, Indonesia, Israel, Pakistan, Philippines and Uruguay.

8. The Committee has examined reports circulated in addenda to SCM/98 and SCM/104. A table summarizing the cases where investigations have been opened and provisional or final actions taken during the period 1 July 1989-30 June 1990 is reproduced in Annex I.

*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.

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/210, 211, 213, 216, 219, 220 and 222.

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. New and full notifications have been due in 1990. The present status of notifications by signatories is reproduced in Annex II. The Committee will hold a special meeting to examine new and full notifications due in 1990.

11. During the period under review the Committee continued its examination of full notifications under Article XVI:1 submitted in 1987 (L/6111 and addenda). 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 Pakistan, had submitted their full notifications due in 1987. The Chairman expressed his concern about the unsatisfactory state of notifications, in particular new and full notifications due in 1990, where a number of signatories failed to fulfil their obligations under Article XVI:1 of the General Agreement. The status of the compliance with these obligations is presented in Annex II. The Committee agreed to hold a special meeting on notifications in January 1991 and those signatories which had not done so were required to submit their notifications by 5 December 1990.

VI. Dispute settlement procedures

12. The Committee continues to have before it the following reports:

- (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.

- (e) Report of the Panel on Countervailing Duties on Non-Rubber Footwear from Brazil (SCM/94) submitted to the Committee on 4 October 1989.

13. During the reporting period these reports were discussed at the regular sessions of 24 April 1990 and 25 October 1990 but no solution permitting their adoption has been found. The Chairman said that although there were no formal links between these reports and each of them should be discussed and adopted separately, the common feature of all of them was that their adoption had been blocked by the party which had lost the case and that this blockage found some support from a few other members of the Committee. He intended to continue efforts to ensure adoption of the reports and noted the statements of signatories principally involved of their willingness to continue to consult to that end. He further said that, in the absence of any prior resolution, he might call a special meeting of the Committee (see SCM/M/48, paragraph 68).

14. At its special meeting of 31 January 1990 the Committee undertook, at the request of the United States, conciliation under Article 17:1 of the Agreement concerning an exchange rate insurance scheme implemented by the Federal Republic of Germany and applied to the Deutsche Airbus. The Committee encouraged the signatories concerned to develop a mutually satisfactory solution, consistent with the Code (SCM/M/45, paragraphs 1-22).

15. At its meeting of 22 June 1990 (SCM/M/47) the Committee undertook, at the request of the EEC, conciliation under Article 17:1 of the Agreement concerning alleged granting of export subsidies by Australia to producers of photographic films. The Committee encouraged the signatories involved to step up their efforts to develop a mutually acceptable solution consistent with the Code.

VII. Other matters

16. The Committee discussed issues relating to initiation standards for countervailing duty investigations in the United States. The delegation of Canada circulated a paper relating to these issues (SCM/106). Several delegations associated themselves with the views expressed in this paper.

ANNEX I

Summary of Countervailing Duty Actions, 1 July 1989-30 June 1990

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	1.7.1989-30.6.1990	9	CO DK FR GR IE IS KR NL TW	1	FR	1	FR			1
Canada	1.7.1989-30.6.1990	3	BR(3)	2	BR(2)	1	BR			3
US	1.7.1989-30.6.1990	6	AR CA(2) SG TH UY	5	CA NO SG TH UR	4	CA(2) TH VE			86

¹Countries 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, CR=Costa Rica, CS=Czechoslovakia, DE=Germany, 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, IE=Ireland, 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, SU=USSR, 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

New and Full Notifications under Article XVI:1 of the
General Agreement by Signatories of the Code on Subsidies
and Countervailing Measures (1990)

	L/6630 full notifications
Australia	Add.2
Austria	
Brazil	
Canada	Add.4
Chile	Add.5
Colombia	
Egypt	
Finland	Add.10
Hong Kong	Add.1
India	
Indonesia	
Israel	
Japan	Add.7
Korea	
New Zealand	Add.9
Norway	Add.8
Pakistan	
Philippines	
Sweden	
Switzerland	
Turkey	Add.3
United States	
Uruguay	
Yugoslavia	

L/6630 full notifications
EEC
Belgium
Denmark
France
Germany, F.R.
Greece
Ireland
Italy
Luxembourg
Netherlands
Portugal
Spain
United Kingdom