

GENERAL AGREEMENT ON

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TARIFFS AND TRADE

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Committee on Subsidies and
Countervailing Measures

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NORWAY - MEASURES REGARDING SALMON FISH FARMERS

Request by the United States for Conciliation under Article 17 of the Agreement

Communication from the United States

The following communication, dated 10 January 1992, has been received by the Chairman of the Committee from the Office of the United States Trade Representative.

We are in receipt of the letter of the Government of Norway, dated 9 January 1992, concerning the United States' request for conciliation by the Committee of a substantial new subsidy provided by Norway in connection with salmon fish farmers. In his letter, Ambassador Selmer asks the Committee to delay conducting conciliation as requested by the United States. In support of his request to delay conciliation, Ambassador Selmer asserts that in the view of his Government, conciliation would be inappropriate because, inter alia, the consultations held by the United States and Norway on 12 December 1991 were conducted under Article 12:3 of the Code rather than under Article 12:1.

The United States is opposed to Norway's request to delay the conciliation proceedings on this matter. There is no legal or other basis for the Committee to postpone conducting conciliation at the earliest possible time.

With respect to Norway's assertion as to Article 12, there is no basis for Norway's position. Based on the information provided to the United States, the grant in question was provided to the relevant business organization contingent on the organization taking a number of steps involving the bankrupt FOS as well as selling the salmon on international markets. Accordingly, the United States has reason to believe that the subsidy at issue constitutes the provision by the Norwegian Government of a direct subsidy contingent upon, inter alia, export performance. Thus, the

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consultations may be considered to have occurred under Article 12:1 of the Code. As no mutually acceptable solution has been reached within 30 days of 25 November 1991, which is the date of the request for such consultations, the United States is eligible to request the Committee to meet to review this matter in accordance with its conciliation procedures at the earliest possible time. We respectfully reiterate our request to do so.

Also at this time, my Government would like to bring to the attention of the Committee information that has recently come to our attention. The United States has recently learned that the Norwegian Government has offered to enter into or has in fact entered into a series of grey-area measures to prevent the exportation of surplus stocks of frozen salmon to a number of export markets. At the same time, the Government of Norway has provided or has agreed to provide a substantial new subsidy to or in connection with salmon fish farmers in preparation for the sale of the stocks of frozen salmon outside of Norway. Our information on these measures and the subsidy is necessarily incomplete at this time, because neither of these steps has been notified to the Committee on Subsidies and Countervailing Measures or any other appropriate GATT Committee.

The United States Government objects to Norway's resort to these measures. In our view, the measures would undermine the credibility of the panel process established by this Committee to review the US countervailing duty determination on Norwegian salmon and the objectives of that process. The United States followed extensive and exhaustive proceedings consistent with the Anti-Dumping and Countervailing Duty provisions of the GATT, as interpreted by the respective Codes. The Government of Norway has seen fit to challenge these measures in this proceeding. Now, even as the Panel prepares to hold its first meeting to review these measures, the Government of Norway has apparently decided to enter into a series of grey-area measures to deal with the continuing consequences of its overproduction problem in this industry in ways outside of normal GATT channels.

Once again, we appreciate your efforts and reiterate our request for conciliation.