

GENERAL AGREEMENT ON TARIFFS AND TRADE

Multilateral Trade Negotiations

Original: English

Group "Non-Tariff Measures"

Sub-Group "Subsidies and Countervailing Duties"

AUSTRALIAN PROPOSED CODE OF CONDUCT ON EXPORT SUBSIDIES ON PRIMARY PRODUCTS

1. The intent of this Code is to spell out the existing legal and contractual obligations on export subsidies on primary products that GATT CONTRACTING PARTIES have under GATT Article XVI.

Definition of an export subsidy

2. An export subsidy on a primary product should be defined as:

"Any subsidy, including any form of income or price support, which operates directly or indirectly to increase exports of any product from its territory."

Obligation to notify

3. On 1 January each year the GATT secretariat shall be notified in writing of all export subsidies coming within the definition of paragraph 2. The notification shall cover:

- (a) the extent and nature of the subsidization
- (b) the estimated effect of the subsidization on the quantity exported from its territory, and
- (c) the circumstances making the subsidization necessary.

Appointment of a Standing Committee on Export Subsidies

4. A Standing Committee on Export Subsidies shall be established composed of representatives of those countries adhering to the Code. The rôle of this Committee would, inter alia, be to regularly review the notifications in paragraph 3 above and report to the GATT CONTRACTING PARTIES - especially on item 3(b) above.

5. The Standing Committee would examine and make recommendations regarding complaints and disputes.

6. The Standing Committee would also develop guidelines and receive any representations or complaints with respect to the operation of paragraph 3.

Limitations to export subsidies on primary products

7. (A) Export subsidies, as defined in paragraph 2, may not be conferred on primary products unless such subsidy:

- (i) is in accordance with provisions agreed in multilateral international commodity agreements, or
- (ii) is not used in such a manner as to result in that country having more than an equitable share of trade of that product either globally or in an individual country market.

(B) The Standing Committee, established in paragraph 4 above, is to hear any complaints from contracting parties about breaches of paragraph (A) above.

(C) The Standing Committee shall examine such complaints forthwith. In doing so it shall have regard to the provisions of Article XVI:3 regarding shares of trade in a "previous representative period".

(D) If the Standing Committee finds that the party concerned is in breach of paragraph (A) above, it should make a recommendation to that party to limit or eliminate the subsidized exports in question.

(E) If the contracting party concerned does not act on such a recommendation the party or parties affected by the subsidization may take appropriate retaliatory measures.