

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Multilateral Trade Negotiations

Original: English

Group "Agriculture"

Sub-Group on Dairy Products

PROVISIONAL DRAFT COMPREHENSIVE ARRANGEMENT REGARDING THE DAIRY PRODUCTS SECTOR

Amendments Proposed by Australia

1. Export subsidies (Article V(b))

(i) Participants recognize that export subsidies, including any form of income or price support, which operates directly or indirectly to increase exports of any product covered by Article II may endanger the fulfillment of the objectives of this Arrangement and accordingly undertake to avoid the use or maintenance of such subsidies.

(ii) If a participant grants or maintains any such subsidy it shall on 1 January each year notify the Council in writing of (a) the extent and nature of the subsidization, (b) the effect of the subsidization on the quantity exported from its territory and (c) of the circumstances making the subsidization necessary.

(iii) If a participant applies any subsidy which operates directly or indirectly to increase its exports such subsidies shall not be applied in a manner which results in that participant having more than an equitable share of trade of that product either globally or in an individual country market, account being taken of the shares of the participant in such trade in the product during a previous representative period and any special factors which may have affected or may be affecting such trade in the product.

(iv) If a participant considers that serious prejudice to its interests under this Arrangement is caused or threatened by exports benefiting from export subsidies, the participant applying the measure shall, upon request, discuss with the other participant or participants concerned or with the Council the possibility of limiting or eliminating the subsidized exports in question.

Note: Since the legal relationship between the proposed International Dairy Arrangement and the GATT has yet to be established, there may need to be additional provisions within an arrangement relating to dispute settlement.

2. Food aid and transactions other than normal commercial transactions (Article V(e))

Replace second sentence of the first alternative of paragraph 1(b) with the following:

"Participants should notify the Council in advance each year, as far as practicable, of the scale, quantities and destinations of their proposed contributions of such food aid. Participants should also give prior notification to the Council of any proposed amendments to the notified programme. It would be understood that"

Insert after first sentence of paragraph 2:

"In addition, participants shall undertake to consult in advance of transactions which are not normal commercial transactions and which are not presently covered by the consultative procedures of the FAO Consultative Sub-Committee on Surplus Disposal."

In second sentence of paragraph 2:

delete "in order to ensure that such transactions are effected in accordance with the said principles"

insert "in order to establish that proper consultation has been carried out in respect to such transactions and that there has not been harmful interference with normal patterns of production and international trade. The Council shall be empowered to call for further information on aid programme notifications and to initiate discussions on aspects relating to food aid in dairy products."