

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED
MTN.GNG/NG10/3
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Group of Negotiations on Goods (GATT)
Negotiating Group on Subsidies
and Countervailing Measures

MEETING OF 6 OCTOBER 1987

Note by the Secretariat

1. The Group held its third meeting on 6 October 1987 under the Chairmanship of Mr. Michael D. Cartland (Hong Kong). The Group adopted the agenda set out in GATT/AIR/2464.

Continuation of consideration of proposals by participants, together with any background notes on issues to be taken up in the negotiations, and on negotiating techniques

2. The Group had before it, in addition to documents enumerated in paragraph 2 of MTN.GNG/NG10/2, a submission from Japan (MTN.GNG/NG10/W/8). The representative of Japan made a statement to introduce this submission.

3. Several delegations were of the view that in order to arrive at a situation where rules on subsidies and countervailing measures could be strengthened and applied uniformly and fairly by all contracting parties, an agreement must be reached on basic definitions and concepts (such as definition of a subsidy and its measurement, countervailable subsidies, etc.). They proposed some of the elements of such definitions (financial contribution by a government, general availability, etc.). Some delegations, while not denying the importance of these issues, considered that their resolution was not a necessary condition to ensure strengthening of disciplines in this area. They pointed out that the existing disciplines had been developed without any agreed definition of a subsidy. Furthermore, most of the existing problems did not result from the lack of agreed definitions and even if such definitions were worked out, one could hardly see how they would contribute to the resolution of those problems. They therefore suggested that the key question to be addressed was how to deal with trade-distorting subsidies and that the issue of definitions should not delay or impede resolution of this question.

4. Some delegations recalled issues which they had proposed for negotiations. Among these issues were: increased disciplines on the use of countervailing duties to avoid harassment; criteria for determination of injury, including non-cumulation and causality; non-application of countervailing measures in case of de minimis subsidy or marginal suppliers; definition of domestic industry; criteria for initiation of an investigation; definition of a subsidy, non-countervailable subsidies and incentives; criteria to determine existence of serious prejudice; extension

of Article XIV:4 disciplines to primary products; domestic subsidies having effects on exports; better notification system under Article XVI:1. It was suggested that the existing issues could be divided into three categories: those where the existing rules were satisfactory, those where the rules should be revised through negotiations and those where there was a need to work out new provisions. This last category related in particular to special treatment for developing countries.

Examination of the checklist of issues for negotiations (MTN.GNG/NG10/W/9)

5. The Chairman recalled that the negotiating phase required the Group to carry out examination of proposals on issues to be taken up in the negotiations and that the checklist had been prepared as an aid in this examination. It was based on written submissions made in the Group including additional comments submitted in writing to the secretariat. An attempt had been made to include also issues raised in oral statements at the two first meetings of the Group.

6. Some delegations said that the checklist should be considered as a provisional one and it should be further elaborated in order to arrive at a more concise document which would not contain excerpts or quotations from various submissions but would present various points in a more descriptive manner. Various suggestions were made as to the structure of such a checklist.

7. Some other delegations, while agreeing with this proposal, considered that there would be a need to maintain the checklist in its present form as a reference document which would faithfully reflect points made by various delegations. Several delegations indicated that they would like to have their future submissions included in the checklist.

8. The Chairman said that the secretariat would prepare, for the next meeting of the Group, a new version of the checklist and an attempt would be made to present various points and proposals in a more concise manner (i.e. grouping similar proposals as one negotiating issue, systematizing issues according to certain order, etc.). In parallel with this checklist, the existing checklist would be maintained as a reference document which might be up-dated in the light of further written submissions. He also said that if delegations wanted to include in the new checklist issues which had not appeared in MTN.GNG/NG10/W/9 they should submit their proposals to the secretariat in writing by 15 October 1987.

Other business including arrangements for the next meeting of the Negotiating Group

9. The Chairman recalled that the Group had been requested by the GNG to indicate the number of meetings it would need to complete its work provided for in the initial phase of the Negotiating Plan. Taking into account the progress made so far it seemed that the Group might need two more meetings of approximately one day and a half each. Subject to the final arrangements in the GNG, the next meeting of the Group would take place on 29 and 30 October 1987.