

MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND

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MTN.GNG/NG10/4
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Special Distribution

Group of Negotiations on Goods (GATT)
Negotiating Group on Subsidies
and Countervailing Measures

MEETING OF 29 OCTOBER 1987

Note by the Secretariat

1. The Group held its fourth meeting on 29 October 1987 under the Chairmanship of Mr. Michael D. Cartland (Hong Kong). The Group adopted the agenda set out in GATT/AIR/2487.

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 the documents enumerated in paragraph 2 of MTN.GNG/NG10/2 and 3, submissions from Korea (MTN.GNG/NG10/W/11) and from the Nordic countries (MTN.GNG/NG10/W/12). The representatives of Korea and of the Nordic countries made statements to introduce their respective submissions.

3. Several delegations stressed the need for an effective balance between rights and obligations regarding the use of, on the one hand, subsidies and, on the other, countervailing measures. It was also stated that the negotiations should not go too quickly into technical details, but should begin with reviewing the fundamental objectives of Articles VI and XVI of the General Agreement and the relationship between these two articles. Various views were expressed regarding possible approaches upon which the regulation of subsidies and countervailing measures could be based. In this respect some favoured the effect-oriented approach (although they recognized that it allowed a certain arbitrariness), while others preferred an approach under which a wide range of subsidies would be prohibited (e.g. export subsidies on primary products). It was also pointed out that there should be a category of non-actionable subsidies and that, in relation to other categories, injury had to be found before countermeasures might be taken.

4. In the discussion references were made, inter alia, to effective disciplines on export and domestic subsidies, effective remedial measures to be applied in response to a finding of serious prejudice and to improved procedures for notification and surveillance of subsidies. In relation to

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countervailing measures, a number of comments were made on the need to have clear and fair rules for countervailing duty actions, which would take into account consumer interests and would not create additional barriers to trade (in particular through cumulative injury assessment, extensive interpretation of the definition of "domestic industry", lack of sun-set clause and the imposition of higher duties than necessary to remove injury). One delegation recalled its view that some of the proposed issues could be discussed only once Negotiating Group 5 had completed its work on those issues and reserved its position on all questions within the competence of that Group. Some delegations reiterated their position that the mandate of the Negotiating Group was very clear in that it should cover all subsidies and countervailing measures, including those which might also be discussed in other negotiating groups (see MTN.GNG/NG10/1, paragraph 10).

Examination of issues proposed for negotiations

4. The Group had before it a concise list of issues proposed for negotiations (MTN.GNG/NG10/W/10). It was generally recognized that this list only identified issues and that the inclusion of any issue in this list did not mean that there was an agreement on whether and how the issue should be negotiated. A number of participants considered that the list in its present form was very useful and that it might constitute a possible framework for the future work of the Group. Some delegations proposed new issues to be added to the list, some others made comments on its structure and contents. Several participants considered that the presentation of issues in the revised list could be more neutral and that it should not prejudge how the issues might be approached. It was agreed that the secretariat would revise the list of issues taking into account, as appropriate, the comments made. Participants which wished to add specific issues to this list were requested to submit them, in writing, not later than 20 November 1987.

5. The Group also had before it the revised checklist (MTN.GNG/NG10/W/9/Rev.1) containing excerpts from submissions and written notes which had been put forward by participants. The Group considered that this list was useful as background information on various positions presented in the Group and that the secretariat should continue to update this checklist in the light of further written submissions made before 20 November 1987.

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

In accordance with the agreement reached in the Group on Negotiation on Goods, the Group decided to hold its next meeting on 9-10 December 1987.