

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG10/W/19
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Group of Negotiations on Goods (GATT)
Negotiating Group on Subsidies
and Countervailing Measures

JAMAICAN STATEMENT TO THE NEGOTIATING GROUP
ON SUBSIDIES AND COUNTERVAILING MEASURES
HELD ON 1 FEBRUARY 1988

1. Subsidies are usually granted for the purpose of improving or increasing efficiency and achieving equity. These are of a positive nature. On the negative side however are those subsidies which give the recipients an unfair advantage e.g. more than equitable market shares.

2. There is need to elaborate and clarify the goals and objectives of the negotiations in question (as advocated by Canada in its statement). My delegation feels that these should be:

- (a) to elaborate rules and disciplines leading to the liberalization and expansion of trade i.e. an increase in output. This should be done in the context of proper balance of rights and obligations. As a result of this expansion, the balance of rights and obligations must provide for special and differential treatment for Less Developed Contracting Parties, to allow them to acquire an equitable share in that increase in output.

Additionally, the goals and objectives should be to:

- (b) ensure predictability for producers;
- (c) provide procedures for an effective dispute settlement mechanism;
- (d) provide remedies where subsidies nullify and impair the rights of contracting parties particularly Less Developed Contracting Parties.

I now wish to make some brief preliminary comments on MTN.GNG/NG10/W/17 - the Swiss paper.

A. Prohibition of Subsidies per se

My delegation has some general concern at this concept. These concerns can best be explained by an illustration:

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General subsidies may have influence on exchange rates which in turn influence levels of investment and the price of products. While specific subsidies may have the same result, general subsidies, which are not curtailed may provide as much or even more advantage. Specific subsidies, granted to firms or industries in specific product lines could have unfavourable effects on the comparative advantage of others. Two aspects worthy of consideration and which are of concern to this delegation, emerge from this illustration:

- (a) the advantage given to those already established in the market,
- (b) the inability of most, particularly the Less Developed Contracting Parties, to determine the price of currencies.

We would wish however to address the concept of prohibition per se in more detail once further clarification is forthcoming.

B. Actionable subsidies

This delegation has no comments at this stage but reserves its right to revert to the issue as appropriate.

C. Non-Actionable

Too much flexibility for retaliation is allowed and we are of the view that unilateral action should be minimized.

Finally, a word on the approach to the negotiations. Are we seeking to negotiate improvements to the Code or Amendments to the Articles. If the former is the case that would take us outside the GATT, as the Code is applicable only to signatories. If, however the latter is the aim, then amended Articles would preclude the need for a Code.