

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.TNC/W/36
26 November 1990
Special Distribution

Trade Negotiations Committee

Original: English

SUBSIDIES AND COUNTERVAILING MEASURES
Communication from the European Communities

The following letter has been received by the Director-General from the Permanent Representative of the European Communities.

I wish to confirm to you that the European Community dissociates itself from the transmission of the text on Subsidies and Countervailing Measures in MTN.GNG/NG10/23 to the Ministerial meeting in Brussels, even with a cover note which would explain the state of play in this negotiation. This procedure would not be enough to prevent the transmission of the text in its entirety from "freezing" a presentation where there exists a fundamental imbalance between the section on strengthening of disciplines and that on non-actionable subsidies: a crucial question for the success of this negotiation.

I confirm that the position of the European Community concerning the transmission of this text is as follows: we prefer to leave entirely open both Articles 6.1 and 8, in order to allow for Ministers to take decisions on the fundamental political and policy options that these two sections of the text raise.

As far as the remainder of the text is concerned, notwithstanding the many difficulties on specific points which this raises for the European Community, we would be ready not to object to its adoption as it is, provided that everybody did the same.

I seize this occasion to point out that the European Community considers that in this area the status quo (that is, maintenance of the existing Subsidies Code in its present form) is unhealthy for the multilateral system. Indeed, the lack of precision of existing rules in this area raises the spectre of continuing tensions and harassment through unilateral measures. The European Community therefore favours improvement of rules and disciplines on subsidies and countervailing measures, provided that the global result be at the same time balanced and fair.