
SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT.

TEXT OF SECTION D. (ARTICLE 30) OF CHAPTER V - SUBSIDIES
AS APPROVED BY COMMISSION B

ARTICLE I*

SUBSIDIES IN GENERAL

If any Member grants or maintains any subsidy, including any form of income or price support, which operates directly or indirectly to increase exports of any product from, or to reduce imports of any product into, its territory, the Member shall notify the Organization in writing as to the extent and nature of the subsidization, as to the estimated effect of the subsidization on the quantity of the affected product or products imported into or exported from the territory of the Member country and as to the conditions making the subsidization necessary. In any case in which it is determined that serious prejudice to the interest of any other Member is caused or threatened by any such subsidization, the Member granting the subsidization shall, upon request, discuss with the other Member or Members concerned, or with the Organization, the possibility of limiting the subsidization.

ARTICLE II*

ADDITIONAL PROVISIONS ON EXPORT SUBSIDIES

1. No Member shall grant, directly or indirectly, any subsidy on the exportation of any product, or establish or maintain any other system, which in either case results in the sale of such product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market, due allowance being made for differences in the conditions and terms of sale, for differences in taxation, and for other differences affecting price comparability.
2. The provisions of paragraph 1 shall not prevent any Member from exempting exported products from duties or taxes imposed in respect of like products when consumed domestically or from remitting such duties or taxes which have accrued. The use of the proceeds of such duties or taxes to make payments to domestic producers, however, shall be considered as a case under Article I, except in so far as such payments subsidize exportation, in the sense of paragraph 1 of this Article, by more than the amount of the duties or taxes remitted or not imposed.

* The Cuban Delegation has reserved its position on Articles I and II pending a decision on the amendment which it originally submitted on Article 30 and which was referred to the Sub-Committee dealing with Article 15.

3. Members shall give effect to the provisions of paragraph 1 at the earliest practicable date, but in any event not later than two years from the day on which this Charter enters into force. If any Member considers itself unable to make the provisions of paragraph 1 effective in respect of any specified product or products upon the expiration of such period, such Member shall, at least three months before the expiration of such period, give to the Organization notice in writing requesting a specific extension of the period and accompanied by a complete analysis of the system in question and the facts justifying it. It shall then be determined whether the extension requested should be made.

4. Nothing in paragraph 1 shall prevent any Member from subsidizing exports of any product to the extent and for such time as may be necessary to offset a subsidy granted by a non-Member affecting its exports of such product. Provided that such Member shall, upon the request of the Organization or of any other Member which considers that its interests are adversely affected by such subsidy, consult with such other Members or with the Organization with a view to reaching a satisfactory adjustment of the matter.

ARTICLE III
SPECIAL TREATMENT OF PRIMARY COMMODITIES

*1. A system for the stabilization of the domestic price or of the return to domestic producers of a primary commodity, independently of the movements of export prices, which results at times in the sale of the product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market, shall be considered not to involve a subsidy on exportation under the terms of paragraph 1 of Article II, if it is determined

(a) that the system has also resulted in the sale of the product for export at a price higher than the comparable price charged for the like product to buyers in the domestic market;

and

(b) that the system is so operated either because of the effective regulation of production or otherwise as not to stimulate exports unduly or otherwise seriously prejudice the interests of other Members.

2. In any case of subsidization of a primary commodity, if a Member considers that its interests are seriously prejudiced by the subsidy or if the Member granting the subsidy considers itself unable to comply with the provisions of paragraph 3 of Article II within the time limit laid down therein, the difficulty may be deemed to be a special difficulty of the kind referred to in Chapter VII, and in that event the procedure laid down in that Chapter shall be followed.

* The Australian Delegation has reserved its position on paragraph 1 of Article III pending its approval of the final agreed text of Article 17.

*3. If the measures provided for in Chapter VII have not succeeded, or do not promise to succeed, within a reasonable period of time, either because no agreement has been reached or because the agreement is terminated, a Member adversely affected may apply for exemption from the requirements of paragraphs 1 and 3 of Article II in respect of that commodity. If it is determined that the circumstances described in Article 53 (52 New York text) apply to the commodity concerned, and that the subsidization will not be so operated as to stimulate exports unduly or otherwise seriously prejudice the interests of other Members, the Organization shall grant such exemption until such date and within such limits as may be determined.

ARTICLE IV*

UNDERTAKING REGARDING STIMULATION OF EXPORTS

Notwithstanding the provisions of paragraphs 1, 2 and 3 of Article II and of paragraph 3 of Article III, no Member shall grant any subsidy on the exportation of any product which has the effect of acquiring for that Member a share of world trade in that product in excess of the share which it had during a previous representative period, account being taken insofar as practicable

* The United States Delegation has reserved its position on paragraph 3 of Article III and on Article IV. It wishes its reservation to be recorded in the following terms:

"The United States Delegation reserves its position regarding Section D, Subsidies, as that section would apply to the situation of a primary commodity which may be in burdensome world surplus as described in Chapter VII. In such a situation, the provisions of the revised text would result in inequitable treatment in two respects:

1. It would permit countries which, to maintain their primary exports in times of world surplus, use export subsidies associated with a special type of stabilization scheme (Article III, para.1) or use domestic subsidies resulting in the stimulation of exports (Article I) to apply such subsidies and to continue them while the procedures of Chapter VII were being followed. It would not, however, permit countries which use export subsidies not associated with a special stabilization scheme to apply such subsidies. This permission would be denied not only during a reasonable effort to achieve multilateral international action to deal with the world problem through Chapter VII procedures, but also thereafter until it might be determined by consultation among interested countries that the particular export subsidization contemplated would not be so operated as to stimulate exports unduly or otherwise seriously prejudice the interests of other Members (Article III, para.3).

2. In any case, the revised text would prevent subsidies on exportation, whether or not associated with a special stabilization scheme, from being operated so as to stimulate exports unduly or otherwise seriously prejudice the interests of other Members (Article III, paras. 1 and 3), and it would place an additional limitation on export subsidies not associated with a special stabilization scheme (Article IV), but it would put no binding limitation whatever on the use of domestic subsidies which stimulate exports (Article 1)."

of any special factors which may have affected or may be affecting the trade in that product. The selection of a representative period for any product and the appraisal of any special factors affecting the trade in the product shall be made initially by the Member granting the subsidy; provided that such Member shall, upon the request of any other Member having an important interest in the trade in that product, or upon the request of the Organization, consult promptly with the other Member or with the Organization regarding the need for an adjustment of the base period selected or for the re-appraisal of the special factors involved.

ARTICLE V

PROCEDURE

Any determination required by or appropriate to the operation of this Section shall be made through the Organization by consultation among the Members substantially interested in the product concerned.