

WORLD TRADE ORGANIZATION

RESTRICTED

G/L/31

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(95-3491)

Committee on Subsidies and Countervailing Measures

REPORT (1995) OF THE COMMITTEE ON SUBSIDIES AND COUNTERVAILING MEASURES

I. Organization of the work of the Committee

1. The Agreement on Subsidies and Countervailing Measures (hereinafter "the Agreement") entered into force on 1 January 1995. All Members of the WTO are *ipso facto* members of the Committee on Subsidies and Countervailing Measures established under the Agreement.

2. Observer governments in the General Council of the WTO have Observer status in the Committee. In addition, the Committee invited, on an *ad hoc* basis, representatives of the World Bank, OECD, IMF and UNCTAD to attend meetings of the Committee in an observer capacity.

3. During the period under review (January 1995 - October 1995) the Committee held five meetings. Regular meetings of the Committee were held on 13 June 1995 and 31 October 1995 (G/SCM/M/2 and 4 respectively). A special meeting of the Committee was held on 17 July 1995 (G/SCM/M/1). Two additional special meetings were held jointly with the Committee on Anti-Dumping Practices Measures on 17 - 21 July 1995 and 23 - 26 October 1995 (G/SCM/M/3 and 5 respectively).

4. The Committee at its special meeting of 22 February elected Mr. Ole Lundby (Norway) as its Chairman. The Committee at its regular meeting of 13 June elected Mr. Victor do Prado (Brazil) as its Vice-Chairman.

5. The Committee at its special meeting of 22 February 1995 decided that its two regular meetings usually would be held in the last week of April and of October.

II. Subsidiary bodies

6. The Committee is required by Article 24.3 of the Agreement to establish a Permanent Group of Experts ("PGE"). At its regular meeting of 13 June 1995, the Committee took a decision regarding matters related to the term of office, selection, independence and qualifications, conditions of service, administrative and technical support and rules of procedure for the PGE (G/SCM/4). As of 31 October 1995, the Committee had not yet completed the selection process regarding the membership of the PGE.

7. The Committee at its special meeting of 22 February 1995 established a Working Party whose terms of reference are "[t]o review the contents and form of the questionnaire as contained in BISD 9S/193-194 and to undertake such other tasks as the Committee may decide." The Committee decided that the Working Party should also take up the matter of the format for annual updates of notifications under Article 8.3 of the Agreement. The Working Party has completed its work with respect to the former task. See para. 25.

8. An Informal Contact Group on Anti-Dumping, Subsidies and Safeguards, established by the Sub-Committee on Institutional, Procedural and Legal Matters of the Preparatory Committee for the World Trade Organization, made recommendations on a number of notification issues (PC/IPL/11). These recommendations were approved by the Preparatory Committee and sent to the WTO for information and implementation (PC/R), and were thereafter referred by the General Council to this Committee, which adopted the recommendations at its meeting of 22 February 1995.

9. The Committee at its meeting of 13 June 1995 decided to create an Informal Group of Experts with the following terms of reference:

"To examine matters which are not specified in Annex IV to the Agreement or which need further clarification for the purposes of paragraph 1(a) of Article 6, and to report to the Committee such recommendations as the Group considers could assist the Committee in the development of an understanding among Members, as necessary, regarding such matters."

The Informal Group is composed of experts who serve in their personal capacities rather than as representatives of governments. The Group is expected to begin its work on 1 November 1995.

III. Notification and examination of countervailing duty laws and/or regulations

10. The Committee decided in its special meeting of 22 February 1995 that all Members which had new or existing legislation and/or regulations which apply in whole or in part to countervailing duty investigations or reviews covered by the Agreement would notify the full and integrated text of that legislation and/or regulations to the Committee by 15 March 1995. If such legislation and/or regulations did not exist or was not yet available, the Member would inform the Committee of this fact, would explain the reasons therefore, and would provide an indicative date by which time a notification was expected. These notifications would be treated as unrestricted documents.

11. The Committee also decided at its special meeting of 22 February 1995 that Observer governments should provide the Committee with any information the Observer government considers relevant to matters within the purview of the Agreement, including the text of its laws and regulations regarding countervailing duties, and information regarding any countervailing measures taken by the Observer government.

12. As of 31 October 1995, 70 Members had notified the Committee of their domestic countervailing duty legislation or made communications in this respect to the Committee (G/SCM/N/1 and addenda). 40 Members had not, as yet, made notifications under Article 32.6 of the Agreement. A table indicating the status of these notifications is reproduced in Annex A to this Report.

13. During the period under review, the Committee reviewed the notifications of countervailing duty legislation of the following Members in special meetings held jointly with the Committee on Anti-Dumping Practices: Mexico, Chile, United States, Venezuela, Australia, Korea, European Communities, Brazil, Canada, Argentina, India, New Zealand, and Colombia. Written questions and answers regarding these reviews may be found in documents of the G/SCM/W... series. The Committee also reviewed the notifications without legislative text of the following Members: Czech Republic, Egypt, Hungary, Mauritius, Peru, Slovak Republic, Singapore, Switzerland and Uruguay.

IV. Semi-annual reports on countervailing actions

14. Article 25.11 of the Agreement provides that Members shall submit, on a semi-annual basis, reports on countervailing duty actions taken within the preceding six months. Pursuant to the recommendation of the Informal Contact Group (PC/IPL/11, Annex 7), which was adopted by the Committee at its 22 February 1995 meeting (G/SCM/M/1, paras. 19-20), the first semi-annual report submitted by each WTO Member would cover the period July-December or January-June, whichever was more recent, preceding the date of entry into force of the WTO Agreement for that Member.

15. The Committee at its regular meeting of 13 June 1995 approved guidelines for information to be provided in semi-annual reports pursuant to Article 25.11 (G/SCM/2).

16. Semi-annual reports of countervailing duty actions during the period 1 July-31 December 1994 were received from the following Members: Argentina, Australia, Brazil, Canada, Chile, EC, New Zealand, Peru, the United States and Venezuela (G/SCM/N/4 and addenda).

17. The following Members and countries eligible to become original Members notified the Committee that they had not taken any countervailing duty action during the period 1 July-31 December 1994: Austria, Brunei Darussalam¹, Colombia, Costa Rica, Cuba, Czech Republic, Dominican Republic, Egypt, El Salvador, Finland, Ghana¹, Guatemala, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Israel, Jamaica, Japan, Korea, Malaysia, Malta, Mauritius, Morocco, Nicaragua, Norway, Pakistan, Paraguay, Philippines, Poland, Romania, Singapore, Slovak Republic, Slovenia, South Africa, Sri Lanka¹, Sweden, Switzerland, Tanzania, Thailand, Trinidad & Tobago, Turkey, Uruguay, and Zimbabwe.

18. No reports were received from the following Members: Antigua and Barbuda, Bahrain, Bangladesh, Barbados, Belize, Botswana, Burkina Faso, Central African Republic, Côte d'Ivoire, Djibouti, Dominica, Gabon, Guinea Bissau, Guinea, Guyana, Kenya, Kuwait, Lesotho, Macau, Malawi, Maldives, Mali, Mauritania, Mexico, Myanmar, Namibia, Nigeria, Saint Lucia, Saint Vincent & Grenadines, Senegal, Suriname, Swaziland, Togo, Tunisia, Uganda and Zambia.

19. Semi-annual reports of countervailing duty actions during the period 1 January - 30 June 1995 were received from the following Members: Argentina, Australia, Brazil, Canada, Chile, the EC, Mexico, New Zealand, Peru and the United States (G/SCM/N/7 and addenda).

20. The following Members notified the Committee that they had not taken any countervailing duty action during the period 1 January-30 June 1995: Colombia, Costa Rica, Cuba, the Czech Republic, the Dominican Republic, Egypt, Honduras, Hong Kong, Hungary, Iceland, India, Japan, Korea, Malaysia, Norway, Philippines, Poland, Romania, Singapore, Slovak Republic, Slovenia, South Africa, Switzerland, Tanzania, Thailand, Trinidad & Tobago, Turkey, Uruguay, Venezuela and Zambia.

21. No reports were received from the following Members: Antigua & Barbuda, Bahrain, Bangladesh, Barbados, Belize, Bolivia, Botswana, Brunei Darussalam, Burkina Faso, Burundi, Central African Republic, Côte d'Ivoire, Cyprus, Djibouti, Dominica, El Salvador, Gabon, Ghana, Guatemala, Guinea Bissau, Guinea, Rep. of., Guyana, Indonesia, Israel, Jamaica, Kenya, Kuwait, Lesotho, Liechtenstein, Macau, Malawi, Maldives, Mali, Malta, Mauritania, Mauritius, Morocco, Mozambique, Myanmar, Namibia, Nicaragua, Nigeria, Pakistan, Paraguay, Saint Lucia, Saint Vincent & Grenadines, Senegal, Sierra Leone, Sri Lanka, Suriname, Swaziland, Togo, Tunisia, Uganda, and Zimbabwe.

¹These Members have further indicated that no countervailing measures were in force as of 31 December 1994.

22. A Table summarising notifications of countervailing actions taken by Members during the period 1 July 1994-30 June 1995 is reproduced in Annex B to this report.

V. Reports on all preliminary or final countervailing duty actions

23. The Committee at its regular meeting of 13 June 1995 approved guidelines setting forth the minimum information to be provided under Article 25.11 of the Agreement in reports of preliminary and final countervailing actions (G/SCM/3).

24. Reports of preliminary and final countervailing actions were received from Australia, Canada, Mexico and the United States (G/SCM/N/5, 8, 10 and 11).

VI. Notification of subsidies

25. The Committee at its meeting of 22 February established a Working Party with as its terms of reference "[t]o review the contents and form of the questionnaire as contained in BISD 9S/193-194 and to undertake such other tasks as the Committee may decide." The Working Party recommended a draft questionnaire format to the Committee, which format was adopted by the Committee at its special meeting of 17 July 1995 (G/SCM/6), and was approved by the Council on Trade in Goods at its meeting of 26 September 1995 (G/C/M/6, para. 2).

26. Article 25.1 of the Agreement requires that Members notify subsidies to the Committee by 30 June. Nevertheless, as of 31 October 1995, only 34 Members had notified their subsidies to the Committee as required by the Agreement. As a result, the special session envisioned by the Agreement to review the notifications was deferred until 1996. The Chairman at the meeting of the Committee on 31 October 1995 expressed his grave concern regarding this situation and admonished all Members to fulfil their notification obligations under the Agreement. A table indicating the status of subsidy notifications is reproduced in Annex C to this Report.

VII. Notification of existing inconsistent subsidies

27. Article 28.1 of the Agreement provides that subsidy programmes established before the date a Member signed the WTO Agreement and which are inconsistent with the Agreement were to be notified not later than 90 days after the date of entry into force of the WTO Agreement. As of 31 October 1995, Chile, Malaysia and South Africa had notified programmes pursuant to this provision. Canada, Cuba and Honduras had notified they had no such programmes (G/SCM/N/2 and Corr. 1 and addenda). The Committee also had received a notification from Singapore pursuant to Article 27 (G/SCM(N/6).

VIII. Notification by Members in transformation into a market economy

28. Article 29.3 provides that Members in transformation into a market economy shall notify subsidy programmes falling within the scope of Article 3 by the earliest practicable date after the date of entry into force of the WTO Agreement. The Committee decided at its regular meeting of 13 June on an indicative date of 30 June 1995 for these notifications. As of 31 October 1995, Hungary had notified programmes pursuant to this provision (H/SCM/N/9/HUN). The Czech Republic had notified that it had no such subsidy programmes (G/SCM/N/9/CZE). No other Member had submitted a notification.

IX. Non-actionable subsidies

29. Article 8.3 of the Agreement provides that a subsidy programme for which non-actionability is invoked pursuant to Article 8.2 shall be notified to the Committee in advance of its implementation. A recommendation by the Informal Contact Group of a format for initial notifications (PC/IPL/11, Annex 1) was approved by the Committee at its meeting of 22 February. As of 31 October, no such notifications had been made.

30. Article 8.5 of the Agreement provides for binding arbitration in certain cases relating to notifications of non-actionable subsidies. A paper on procedures for arbitration under Article 8.5 (G/SCM/W/5) was considered by the Committee at its meeting of 13 June 1995. However, no such procedures have yet been adopted.

X. Other matters discussed by the Committee

31. At its special meeting of 22 February 1995, the Committee took note of the Decision on Transitional Arrangements - Avoidance of Procedural and Institutional Duplication adopted by the General Council on 31 January 1995 (WT/L/29). That decision provides for coordination of meetings and notification procedures between the Committee and the Tokyo Round Committee on Subsidies and Countervailing Measures. The decision envisions that notification of a measure to the Committee shall, unless otherwise indicated, be deemed to be a notification to the Tokyo Round Committee on Subsidies and Countervailing Measures.

ANNEX A
COUNTERVAILING DUTY LEGISLATION NOTIFICATIONS

MEMBER/OBSERVER	NOTIFICATION PROVIDED
Antigua and Barbuda	
Argentina	X
Australia	X
Bahrain	
Bangladesh	
Barbados	X
Belize	
Bolivia	X
Botswana	
Brazil	X
Brunei Darussalam	
Burkina Faso	
Burundi	
Canada	X
Central African Republic	
Chile	X
Colombia	X
Costa Rica	X
Côte d'Ivoire	
Cuba	X
Cyprus	X
Czech Republic	X
Djibouti	
Dominica	
Dominican Republic	X
European Community	X
Ecuador (Observer)	X
Egypt	X
El Salvador	X

MEMBER/OBSERVER	NOTIFICATION PROVIDED
Gabon	
Ghana	
Guatemala	X
Guinea Bissau	
Guinea, Rep.of	
Guyana	
Honduras	X
Hong Kong	X
Hungary	X
Iceland	X
India	X
Indonesia	X
Israel	X
Jamaica	X
Japan	X
Kenya	
Korea	X
Kuwait	
Lesotho	
Liechtenstein	
Macau	
Malawi	
Malaysia	X
Maldives	X
Mali	
Malta	
Mauritania	
Mauritius	X
Mexico	X
Morocco	X
Mozambique	

MEMBER/OBSERVER	NOTIFICATION PROVIDED
Myanmar	
Namibia	
New Zealand	X
Nicaragua	X
Nigeria	
Norway	X
Pakistan	
Paraguay	X
Peru	X
Philippines	X
Poland	X
Romania	X
Saint Lucia	
Saint Vincent & Grenadines	
Senegal	
Sierra Leone	
Singapore	X
Slovak Republic	X
Slovenia	X
South Africa	X
Sri Lanka	X
Suriname	X
Swaziland	
Switzerland	X
Tanzania	
Thailand	X
Togo	
Trinidad and Tobago	X
Tunisia	
Turkey	X
Uganda	

MEMBER/OBSERVER	NOTIFICATION PROVIDED
United States	X
Uruguay	X
Venezuela	X
Zambia	X
Zimbabwe	

ANNEX B*
Summary of Countervailing Duty Actions
(1 July 1994-30 June 1995)

Initiation				Provisional Measures (negative preliminary determination not included)				Definitive Duties				Price Undertakings				Measures in force on 30 June 1995 (definitive duties and price undertakings)
No.	Countries ¹ involved			No.	Countries involved			No.	Countries involved			No.	Countries involved			
	ARGENTINA															
2	EEC(2)			0				0						0	NA ²	
	AUSTRALIA															
1	ZAF (1)			0				0						0	13	
	BRAZIL															
0				5	CIV(1)	IDN(1)	LKA(2)	0						0	1	
					PHL(1)											

*Includes actions covered by the Tokyo Round Agreement, the WTO Agreement and Article VI of GATT 1947.

¹"Countries" refer in all cases to countries or customs territories. A list of the abbreviations used in this table can be found following the table.

²Argentina did not submit a separate list of measures in force during this period.

	CANADA																		
2	EEC(1)	USA(1)		0										IND(1)			0		6
	CHILE																		
1	BRA(1)			0										CHN(1)			0		0
	EEC																		
0				0													0		1
	MEXICO																		
1	DNK(1)			1	DNK(1)												0		NA ³
	NEW ZEALAND																		
1	THA(1)			0													0		1
	PERU																		
4	ARG(1)	CHN(1)	KOR(2)	2	ARG(1)	CHN(1)											0		NA ⁴

³Mexico did not submit a separate list of measures in force during this period.

⁴Peru did not submit a separate list of measures in force during this period.

UNITED STATES																	
5	AUT(1)	ITA(3)	TUR(1)	3	AUT(1)	ITA(2)				6	AUT(1)	IND(1)	ISR(1)	0			103
											ITA(2)	VEN(1)					
VENEZUELA																	
0				0					0					0			3

LIST OF ABBREVIATIONS USED IN ANNEX B

AFG	AFGHANISTAN	GTM	GUATEMALA	KNA	SAINT KITTS & NEVIS
ALB	ALBANIA	GNB	GUINEA-BISSAU	LCA	SAINT LUCIA
DZA	ALGERIA	GIN	GUINEA, REP. OF	SAU	SAUDI ARABIA
ATG	ANTIGUA AND BARBUDA	GUY	GUYANA	SEN	SENEGAL
ARG	ARGENTINA	HTI	HAITI	SYC	SEYCHELLES
ARM	ARMENIA	HND	HONDURAS	SLE	SIERRA LEONE
AUS	AUSTRALIA	HKG	HONG KONG	SGP	SINGAPORE
AUT	AUSTRIA	HUN	HUNGARY	SVK	SLOVAK REPUBLIC
AZE	AZERBAIJAN	ISL	ICELAND	SVN	SLOVENIA
BHS	BAHAMAS	IND	INDIA	ZAF	SOUTH AFRICA
BHR	BAHRAIN	IDN	INDONESIA	ESP	SPAIN
BGD	BANGLADESH	IRN	IRAN	LKA	SRI LANKA
BRB	BARBADOS	IRQ	IRAQ	VCT	SAINT VINCENT & GRENADINES
BLR	BELARUS	IRL	IRELAND	SDN	SUDAN
BEL	BELGIUM	ISR	ISRAEL	SUR	SURINAME
BLZ	BELIZE	ITA	ITALY	SWE	SWEDEN
BEN	BENIN	JAM	JAMAICA	CHE	SWITZERLAND
BMU	BERMUDA	JPN	JAPAN	TJK	TAJIKISTAN
BOL	BOLIVIA	JOR	JORDAN	TZA	TANZANIA
BIH	BOSNIA-HERZEGOVINA	KAZ	KAZAKHSTAN	THA	THAILAND
BWA	BOTSWANA	KEN	KENYA	TGO	TOGO
BRA	BRAZIL	KOR	KOREA	TTO	TRINIDAD & TOBAGO
BRN	BRUNEI DARUSSALAM	KWT	KUWAIT	TUN	TUNISIA
BGR	BULGARIA	KGZ	KYRGYZSTAN	TUR	TURKEY
BFA	BURKINA FASO	LVA	LATVIA	TKM	TURKMENISTAN
BUR	BURUNDI	LBN	LEBANON	UGA	UGANDA
CMR	CAMEROON	LSO	LESOTHO	UKR	UKRAINE
CAN	CANADA	LIE	LIECHTENSTEIN	ARE	UNITED ARAB EMIRATES
CAF	CENTRAL AFRICAN REPUBLIC	LTU	LITHUANIA	GBR	UNITED KINGDOM
TCO	CHAD	LUX	LUXEMBOURG	USA	UNITED STATES
CHL	CHILE	MAC	MACAU	URY	URUGUAY
CHN	CHINA	MDG	MADAGASCAR	UZB	UZBEKISTAN
CHT	CHINESE TAIPEI	MWI	MALAWI	VUT	VANUATU
COG	CONGO, REPUBLIC	MYS	MALAYSIA	VEN	VENEZUELA
COL	COLOMBIA	MDV	MALDIVES	VNM	VIET NAM
CRI	COSTA RICA	MLI	MALI	ZAR	ZAIRE
CIV	COTE D'IVOIRE	MLT	MALTA	ZMB	ZAMBIA
HRV	CROATIA	MRT	MAURITANIA	ZWE	ZIMBABWE
CUB	CUBA	MUS	MAURITIUS		
CYP	CYPRUS	MEX	MEXICO		
CZE	CZECH REPUBLIC	MDA	MOLDOVA, REP. OF		
DNK	DENMARK	MNG	MONGOLIA		
DJI	DJIBOUTI	MAR	MOROCCO		
DMA	DOMINICA	MOZ	MOZAMBIQUE		
DOM	DOMINICAN REPUBLIC	NAM	NAMIBIA		
EEC	EUROPEAN COMMUNITY	NLD	NETHLANDS		
ECU	ECUADOR	NZL	NEW ZEALAND		
EGY	EGYPT	NIC	NICARAGUA		
SLV	EL SALVADOR	NER	NIGER		
EST	ESTONIA	NGA	NIGERIA		
FJI	FIJI	NOR	NORWAY		
FIN	FINLAND	OMN	OMAN		
FRA	FRANCE	PAK	PAKISTAN		
MKD	FORMER YUOGOSLAV REPUBLIC OF MACEDONIA	PAN	PANAMA		
GAB	GABON	PNG	PAPUA NEW GUINEA		
GMB	GAMBIA	PRY	PARAGUAY		
GEO	GEORGIA	PER	PERU		
DEU	GERMANY	PHL	PHILIPPINES		
GHA	GHANA	POL	POLAND		
GRC	GREECE	PRT	PORTUGAL		
GRD	GRENADA	PRI	PUERTO RICO		
		QUT	QUATAR		
		ROM	ROMANIA		
		RUS	RUSSIAN FEDERATION		
		RWA	RWANDA		

ANNEX C
SUBSIDY NOTIFICATIONS
(G/SCM/N/3/...)

Country		Country		Country		Country	
Antigua & Barbuda		EC	X	Korea		South Africa	
Argentina		Austria	X	Kuwait		Sri Lanka	
Australia	X	Belgium	X	Lesotho		Suriname	X
Bahrain		Denmark	X	Lichtenstein		Swaziland	
Bangladesh		Finland	X	Macau		Switzerland	X
Barbados		France	X	Malawi		Tanzania	
Belize		Germany	X	Malaysia	X	Thailand	X
Bolivia		Greece	X	Maldives		Togo	
Botswana		Ireland	X	Mali		Trinidad & Tobago	
Brazil		Italy	X	Malta		Tunisia	
Brunei Darussalam		Luxembourg	X	Mauritania		Turkey	X
Burkina Faso		Netherlands	X	Mauritius	X	Uganda	
Burundi		Portugal	X	Mexico		United States	
Canada	X	Spain	X	Morocco		Uruguay	
Central African R..		Sweden	X	Mozambique		Venezuela	X
Chile		United Kingdom	X	Myanmar		Zambia	
Colombia	X	Egypt		Namibia		Zimbabwe	
Costa Rica	X	El Salvador		New Zealand	X		
Côte d' Ivoire		Gabon		Nicaragua	X		
Cuba		Ghana		Nigeria			
Cyprus		Guatemala		Norway	X		
Czech Republic		Guinea Bissau		Pakistan			
Djibouti		Guinea, Rep. of		Paraguay			
Dominica		Guayana		Peru			
Dominican Rep.		Honduras		Philippines			
		Hong Kong	X	Poland			
		Hungary		Romania			
		Iceland		Saint Lucia			
		India	X	Saint Vincent & Grenadies			
		Indonesia	X	Senegal			
		Israel		Sierra Leone			
		Jamaica		Singapore			
		Japan	X	Slovak Republic			
		Kenya		Slovenia			