

Original: English

AUSTRALIA - SUBSIDIES PROVIDED TO PRODUCERS  
AND EXPORTERS OF AUTOMOTIVE LEATHER

Request for the Establishment of a Panel by the United States

The following communication, dated 9 January 1998, from the Permanent Mission of the United States to the Chairman of the Dispute Settlement Body, is circulated pursuant to Article 6.2 of the DSU.

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The Government of Australia has provided subsidies to Australian producers and exporters of automotive leather, including subsidies provided to Howe Leather. The United States understands that these subsidies include the provision by the Government of Australia to Howe Leather of an A\$25 million loan on preferential and non-commercial terms and grants amounting potentially to another A\$30 million.

The United States considers that these measures violate the obligations of the Government of Australia under Article 3 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement). The United States believes that, in light of their terms and the circumstances under which they have been provided, the subsidies provided to Howe Leather constitute subsidies "contingent, ... in fact, upon export performance" within the meaning of Article 3.1(a) and footnote 4 of the SCM Agreement. As such, these subsidies are inconsistent with Article 3.2 of the SCM Agreement.

In a communication dated 10 November 1997 (circulated as WT/DS106/1), the Government of the United States requested consultations with the Government of Australia pursuant to Articles 1 and 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), Article 4.1 of the SCM Agreement, and Article 30 of the SCM Agreement (to the extent that it incorporates by reference Article XXIII:1 of the General Agreement on Tariffs and Trade 1994) regarding the subsidies provided by the Government of Australia with respect to automotive leather. Consultations were held on 16 December 1997, but did not result in a resolution of the dispute.

Accordingly, pursuant to Article 4.4 of the SCM Agreement and Article 1.2 of the DSU, the United States respectfully requests the immediate establishment of a panel to examine the matter in light of the SCM Agreement and to find that Australia's export subsidies on automotive leather are inconsistent with Australia's obligations under the Agreement and nullify or impair benefits accruing directly, or indirectly to the United States under that Agreement.

The United States asks that this request be placed on the agenda for the next meeting of the Dispute Settlement Body, and that the panel be established with standard terms of reference as set out in Article 7 of the DSU.

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