

Original: English

AUSTRALIA - TEXTILE, CLOTHING AND FOOTWEAR  
IMPORT CREDIT SCHEME

Request for Consultations by the United States

The following communication, dated 7 October 1996, from the Permanent Mission of the United States to the Permanent Mission of Australia, is circulated in accordance with Article 4.4 of the DSU.

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My authorities have instructed me to request 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 Agreement on Subsidies and Countervailing Measures (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 subsidies available to leather under the Textile, Clothing and Footwear Import Credit Scheme (TCF scheme) and any other subsidies to leather granted or maintained in Australia which are prohibited under Article 3 of the SCM Agreement. Under the TCF scheme, exporters of eligible products earn import credits which are calculated as a percentage of the domestic value added content of their exports, and which enable the holder of the credits to reduce the amount of customs duty paid on eligible imported goods by an amount up to the value of the credits held.

The United States considers that these measures violate the obligations of the Government of Australia under Article 3 of the SCM Agreement. The United States considers that benefits accruing to it directly or indirectly under the SCM Agreement are being nullified or impaired as a result of the failure of the Government of Australia to carry out its obligations under Article 3 of the SCM Agreement. The United States reserves the right to raise additional factual and legal matters during the course of the consultations.

We look forward to receiving your reply to this request and to fixing a mutually convenient date for consultations. In view of the meeting of the Committee on Subsidies and Countervailing Measures on 23-24 October and the special meeting of this Committee scheduled for the week of 28 October, we propose meeting in Geneva at a mutually convenient time during the last two weeks of October.