AUSTRALIAN SUBSIDY ON AMMONIUM SULPHATE: Recommendation of Contracting Parties

The Working Party, under the chairmanship of Mr. Torfinn Oftodal, Norway, which examined the factual situation resulting from the removal on 1 July, 1949, of nitrate of soda from the pool of nitrogenous fertilizers which is subsidized by the Australian government, first came to the conclusion that the measure taken by the Australian government did not conflict with the provisions of the General Agreement.

The respective views of the Chilean and Australian representatives were fully set out in GATT No. 15 of 15 March.

The Working Party then examined whether the Australian measure had nullified or impaired the tariff concession granted by Australia to Chile on nitrate of soda in the 1947 Geneva negotiations and concluded that there was a prima facie case that the value of a concession granted to Chile had been impaired as a result of a measure which did not conflict with the provisions of the General Agreement. The Chilean representative in the Working Party and his government did not press for a discussion as to the degree of damage sustained and would be satisfied if an arrangement could be made to remove the cause of the present competitive inequality between ammonium sulphate and nitrate of soda.

The following is the text of the Recommendation adopted by the Contracting Parties:

The Contracting Parties recommend that the Australian Government consider, with due regard to its policy of stabilizing the cost of production of certain crops, means to remove any competitive inequality between the two products which may in practice exist as a result of the removal of nitrate of soda from the operations of the subsidized pool of nitrogenous fertilizers and communicate the results of their consideration to the Chilean Government, and that the two parties report to the Contracting Parties at the next Session.

The delegate of Australia, Dr. Ronald Walker, said that in the view of his government, the Australian subsidy on Ammonium Sulphate did not - in the circumstances of this case - constitute an actual or potential impairment of a benefit accruing to Chile under the Agreement and provided a Statement in support of his views. He said the Australian Government would nevertheless give careful consideration to the recommendation of the Contracting Parties.