I. Organization of the work of the Committee

1. The Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement entered into force on 1 January 1980. On 28 October 1981 the following were the Signatories to the Agreement: Australia, Austria, Brazil, Canada, Chile, Finland, India, Japan, Korea, New Zealand, Norway, Pakistan, Sweden, Switzerland, United Kingdom on behalf of Hong Kong, United States, Uruguay, Yugoslavia and the European Communities. Yugoslavia is still in the process of ratifying the Agreement. Some Signatories apply the Agreement in their mutual relations on a provisional basis. One Signatory (New Zealand) accepted the Agreement with a reservation.

2. The Signatories of the Agreement are ipso facto members of the Committee on Subsidies and Countervailing Measures established under the Agreement. During the period under review the Committee has held five meetings:

- 11 December 1980 - (SCM/M/5 and L/5092)
- 29 April 1981 - (SCM/M/6 and L/5144)
- 12 October 1981 - (SCM/M/7 and L/5222)
- 27 October 1981 - (SCM/M/8 and L/5230)
- 28-30 October 1981 - (SCM/M/9 and L/5239)

Thirty contracting parties and six non-contracting parties have observer status. Furthermore two international organizations (IMF and UNCTAD) have attended meetings of the Committee in an observer capacity.

3. The Group of Experts on the Definition of the Word "Related" established jointly by this Committee and the Committee on Anti-Dumping Practices in May 1980 (SCM/M/3, paragraphs 33-45) completed its work and submitted a report to the Committee in April 1981 (SCM/M/6, Annex I). The Committee adopted this report at its 28-30 October 1981 meeting. The Group of Experts on the Calculation of the Amount of a Subsidy is continuing its work and because of its preliminary stage no report has so far been submitted to the Committee.

II. National legislation and implementing regulations (Article 19:5)

4. During the period under review the Committee has examined the national legislation submitted by Korea (SCM/1/Add.13). It also took note of a communication submitted by Hong Kong (SCM/1/Add.12) on the implementation of
the Agreement. As of 15 October 1981 the following Signatories have submitted their legislation or made communications in this respect to the Committee:

- European Communities - SCM/1/Add.1
- Sweden - SCM/1/Add.2
- United States - SCM/1/Add.3
- Norway - SCM/1/Add.4
- Finland - SCM/1/Add.5
- Switzerland - SCM/1/Add.7
- Japan - SCM/1/Add.8
- Austria - SCM/1/Add.10
- Hong Kong - SCM/1/Add.12
- Korea - SCM/1/Add.13

5. Chile has notified the Committee in the document SCM/6 that there were no domestic regulations nor administrative procedures regarding countervailing duties, and consequently as long as appropriate legislation is not enacted no such duties will be imposed. At the 28-30 October 1981 meeting the delegation of Chile submitted its draft legislation to the Committee for discussion and comments.

6. The representative of India made an oral statement to the effect that the Indian legislation did not contain any provisions on the imposition of countervailing duties which would be in conflict with the Agreement. Consequently as long as there are no detailed legislations on countervailing measures his Government will fully comply with the provisions of the Agreement if need arises to take a countervailing action (SCM/M/6, paragraph 12).

7. The delegation of Canada has submitted the Canadian draft legislation to the Committee for discussion and comments (SCM/M/4, paragraphs 28-31).

8. It was agreed that the Signatories to which comments concerning their legislation were addressed would consider them. Some Signatories reserved their rights to revert to particular aspects of the national legislations at a later stage or in the light of their practical implications. The Committee agreed to maintain on its agenda the examination of national legislations already submitted and those which will be submitted in future.

III. Semi-annual reports on all countervailing duty actions (Article 2:16)

9. Article 2:16 of the Agreement provides that the Signatories shall submit, on a semi-annual basis, reports of any countervailing duty action taken within the preceding six months. In this relation a standard form for such reports has been worked out (SCM/2). During the period under review the following reports have been submitted and circulated to the Committee:

(a) reports for the period 1 July 1980-31 December 1980 have been circulated in addenda to SCM/5. The following Signatories have notified the Committee that they have not taken any countervailing duty action during that period: Switzerland (Add.2); Japan (Add.3); Norway (Add.4); Brazil (Add.5); Finland (Add.5); Korea (Add.5); Yugoslavia (Add.5);
Austria (Add.5); Hong Kong (Add.5); Sweden (Add.6); European Communities (Add.7); Uruguay (Add.9); Chile (Add.10) and Pakistan. Countervailing duty actions have been notified by the United States (SCM/5/Add.1) and Canada (SCM/5/Add.8).

(b) reports for the period 1 January 1981-30 June 1981 have been circulated in addenda to SCM/7. The following Signatories have notified the Committee that they have not taken any countervailing duty action during that period (SCM/7/Add.3): Austria, Brazil, Chile, Finland, India, Japan, Korea, Norway, Sweden, Switzerland, Hong Kong, Uruguay, Yugoslavia, the European Communities and Pakistan. Countervailing duty actions have been notified by the United States (SCM/7/Add.1) and Canada (SCM/7/Add.2)

The Committee has examined these reports. A number of comments on particular cases were made and explanations given. A table summarizing the cases where investigations have been opened, provisional or final actions taken etc. during the period 1 July 1980-30 June 1981 is reproduced in the Annex.

IV. Reports on all preliminary or final countervailing duty actions
(Article 2:16)

10. Notifications under these procedures have been received from the United States and circulated in documents SCM/W/8, 10, 12, 13, 15, 16, 17, 18, and 20.

V. Notification of subsidies (Article 7)

11. In accordance with the Decision of the CONTRACTING PARTIES at their twentieth session (BISD, Eleventh Supplement, page 58) contracting parties should submit, every third year, new and full responses to the questionnaire on subsidies (BISD, Ninth Supplement, pages 193-194) and bring these notifications up-to-date in the intervening years. Full notifications are due in 1981. As of 30 October 1981 the following contracting parties have submitted their notifications (L/5102 and addenda): Luxembourg, Romania, Finland, South Africa, Malawi, the EEC, Chile, Australia, Switzerland and Canada.

12. This matter has been on the agenda of every regular session of the Committee. At its April 1981 meeting the Committee agreed that Signatories should submit their notifications before the regular October 1981 meeting and that the Committee would undertake an examination of the matter at that meeting (SCM/M/6, paragraph 15). In this relation the Chairman circulated an aide-mémoire to the Signatories (SCM/8).

13. At its 28-30 October 1981 meeting the Committee decided that all signatories should submit their full notifications not later than 31 December 1981. The Committee would undertake an examination of the questionnaire as well as qualitative aspects of responses to it at a special meeting early next year.

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1Actions taken with respect to the Parties only.
14. There have been neither requests under Article 7:1 of the Agreement for additional notifications of subsidies nor have there been notifications under Article 7:3 of the Agreement.

VI. Dispute settlement and "second track actions" under Articles 12 and 13 or 17 and 18 of the Agreement

15. The following actions were taken under Article 12 of the Agreement:

(a) the United States requested consultations with the European Communities concerning certain subsidy programmes maintained by Greece.

(b) the United States requested consultations with the European Communities concerning subsidies on export of wheat flour.

At its 28-30 October 1981 meeting the Committee was informed about the outcome of consultations with respect to (b) above and had a preliminary discussion of further procedures to be followed in this case.

VII. Other actions taken under the Agreement

16. The Government of Chile which ratified the Agreement on 12 March 1981 made a communication which has been circulated to the Signatories (SCM/6).

17. The Committee examined, at a special meeting in December 1980 a question regarding the invocation of the non-application provisions of Article 19:9 of the Agreement by the United States (SCM/M/5). This question was subsequently discussed at the April 1981 meeting (SCM/M/6, paragraphs 23-32). The delegation of India circulated a draft decision by the Committee (SCM/W/14).

18. On 25 September 1981 the Government of the United States informed the Director-General of GATT, as the depository of the Agreement that, effective 25 September 1981 the United States had withdrawn their invocation of the provisions of Article 19:9 of the Agreement with respect to India.

19. The Committee examined, at a special meeting on 12 October 1981, the acceptance of the Agreement by New Zealand with a reservation in respect of Article 19:5 of the Agreement. The Committee accepted this reservation with certain qualifications. The relevant decision by the Committee has been circulated in SCM/12.

20. The Committee discussed at a special meeting on 27 October 1981 a statement made by Australia on its acceptance of the Agreement (SCM/9). The Committee took a decision in this respect (SCM/14).

21. At the 28-30 October 1981 meeting of the Committee several delegations raised divers aspects of the problem of the export credits (SCM/M/9).
**ANNEX**

**SUMMARY OF COUNTERVAILING DUTY ACTIONS**

for the period 1 July 1980 to 30 June 1981

<table>
<thead>
<tr>
<th>Reporting country</th>
<th>No. of reported cases</th>
<th>Initiation</th>
<th>Provisional measures</th>
<th>Definitive duty</th>
<th>Undertakings</th>
<th>No subsidy</th>
<th>No injury</th>
<th>Case withdrawn</th>
<th>Other</th>
<th>Outstanding countervailing duty action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3 (Decision made not to apply provisional duty and not to refer to A-D Tribunal)</td>
</tr>
<tr>
<td>USA</td>
<td>36</td>
<td>17</td>
<td>12</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
<td>19 (mostly revoked) 48</td>
</tr>
</tbody>
</table>

1 Calculated for each exporting country and each product (country x product). Calculated on a basis of products only irrespective of the number of exporting countries, these numbers would be considerably lower. The actions taken into account are only those reported in accordance with the footnote to the standard form (SCM/2).