Paragraphs to be inserted in Spec(59)148

5. The Committee considered the Australian proposal that the negotiating rules should explicitly recognize that negotiations could take place on the level of subsidies, including any form of price or income support, which operate directly or indirectly to increase exports or reduce imports. Some members were prepared to accept in the negotiating rules all that had been agreed to by the CONTRACTING PARTIES with regard to the negotiability of subsidies, particularly at the Review Session. Other representatives stated that their governments were in a position to agree to the inclusion of the CONTRACTING PARTIES's ruling contained in BISD, Third Supplement, page 225, paragraph 14. Others, however, pointed out that they would be most reluctant to support a reference in the rules to the negotiability of subsidies unless they were prepared to give serious consideration to any request for concessions in this field and they could only do this after the problem had been most thoroughly examined. They therefore wished to leave the question open pending further discussion by the CONTRACTING PARTIES.

The representative of Australia argued that even if there were no earlier cases of negotiations of subsidies under the GATT and although the 1956 rules made no mention of the above-mentioned ruling of the CONTRACTING PARTIES of 1955, these facts could not be held to mean that such a step could not be taken for the forthcoming negotiations. After all the Australian proposal only amounted to setting out explicitly in the negotiating rules what had been clearly laid down by the CONTRACTING PARTIES at the Review Session. It was the view of the Australian Government that their proposal did not go beyond the scope of the CONTRACTING PARTIES's ruling in the sense that the latter does not exclude the negotiation of subsidies on products for which the customs duty is not at the same time the subject of negotiation. The Australian representative pointed out that whilst it might be expected that as a usual practice negotiations on the level of a subsidy would take place at the same time as negotiations on the level of a tariff, there might be circumstances in which a negotiation could take place on the level of the subsidy without concurrent negotiations on the tariff. Some members of the Committee disagreed with the Australian interpretation of the 1955 ruling.

The Committee agreed in the light of the discussion to leave it to the CONTRACTING PARTIES to determine whether the negotiating rules should make reference to the negotiability of subsidies.