The Panel recalled that at its meeting in September 1960, the Council of the CATT had reviewed the position regarding the provisions of paragraph 4 of Article XVI of the General Agreement which envisages the eventual prohibition of export subsidies on goods other than primary products. Hitherto there had only been a "standstill" arrangement in operation from year to year whereby certain contracting parties had undertaken not to increase the scope and extent of export subsidies on non-primary products beyond that existing on 1 January 1955; by the introduction of new, or the extension of existing, subsidies. On the basis of the report of the Working Party on Subsidies which examined the matter during the seventeenth session, held from 31 October to 19 November 1960, the CONTRACTING PARTIES were generally of the view that the time had come to put the provisions of Article XVI fully into effect. They therefore drew up and opened for signature a Declaration of 19 November 1960, giving effect to the provisions of Article XVI:4, the effect of which would be to prohibit the use of export subsidies on goods other than primary products. This Declaration would, initially, enter into force when fourteen countries have accepted it. The Panel noted that to date, four of these fourteen countries (Belgium, France, Luxemburg and Norway), have accepted the Declaration.
A second Declaration of 19 November 1960, which is designed to extend the standstill provisions of Article XVI:4 until the end of 1961, has also been drawn up and opened for signature by governments which, for various reasons, were not in a position at present to sign the Declaration referred to above. The Declaration extending the standstill would enter into force when a number of industrial countries in Western Europe and North America and Japan have accepted it. Signatories to this Declaration would be required not to extend the scope of any subsidization of the type described in Article XVI:4 beyond that existing on the date of this Declaration, by the introduction of new, or the increase of existing, subsidies. In this connexion, attention might be drawn to the understanding that any such subsidies which are reduced or abolished subsequent to that date, may not be increased or re-instituted. The Panel noted that to date only one country, Norway, has accepted the Declaration.