1. The Panel on Subsidies met from 13 to 16 February 1961, pursuant to the decision taken by the CONTRACTING PARTIES at their sixteenth session (SR.16/5). The Panel continued the work as set out in its terms of reference (document L/925), particularly with regard to the assembling and discussion of material for the preparation of a report on the operation of the provisions of Article XVI.

2. The following are the main points discussed by the Panel during its February meeting:

I. The role and effects of subsidies in international trade.

   The Panel discussed:
   (a) whether subsidies were becoming more widespread; and
   (b) whether subsidies constituted barriers to trade of the same magnitude as tariffs, quantitative restrictions, etc.

II. The use being made of Article XVI.

   The Panel reviewed consultations about subsidies.

III. What constitutes a subsidy.

   The Panel discussed:
   (a) the general characteristics of export subsidies, production subsidies, etc.;
   (b) what subsidies were notifiable;
   (c) whether the present questionnaire was appropriate; and
   (d) the need for and advisability of an illustrative list of measures which constituted subsidies under Article XVI.

IV. The relationship between subsidies and tariff negotiations.

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3. In discussing the nature and scope of its report to the eighteenth session of the CONTRACTING PARTIES, the Panel, stressing the necessity for a detailed examination of the role and effect of subsidies in international trade, instructed the secretariat to undertake a comprehensive survey on a global basis, and where feasible, on a country by country basis, of the role and effect of subsidies in international trade in important primary and non-primary products. The secretariat undertook to give a descriptive analysis of:

(a) the reasons given by contracting parties for the maintenance of subsidies;

(b) the type of subsidies and commodities subject to subsidization;

(c) the total amount of subsidies; and

(d) the level of subsidies.

In addition, the secretariat will provide a statistical analysis of the extent and degree of subsidies.

4. The draft report of the Panel, together with the survey to be prepared by the secretariat will be distributed to members of the Panel before the Panel reconvenes in April.