WORKING GROUP 1 - MEASURES WHICH AFFECT EXPORTS

Main Points Raised in Discussion of Notification Procedures

1. The Group drew up a list of transactions which might be the subject of notification (Annex). It was understood that the list was open-ended and further types of transactions might be added if appropriate. It was also understood that the establishment of the list did not imply a judgment as to whether or not these transactions were covered by Article XVI of the GATT.

2. One delegation suggested that a group of experts should examine item 4 on the list.

3. Some delegations doubted whether transactions under item 7 on the list did, in fact, take place. It was agreed that if it was found that such transactions did not take place, the item could be deleted.

4. Referring to item 14, some delegations doubted whether transactions under bilateral clearing agreements not involving price concessions should be notified.

5. It was noted that it would be necessary to define the product coverage of the notification procedure. Some delegations said that Brussels Nomenclature chapters 1 to 24 inclusive should be used for this purpose. It was suggested, however, that it might be necessary to include certain products outside the twenty-four chapters.
6. The Group considered that notifications might appropriately be made annually and that, in addition, any changes should be notified as they arise. It was suggested that the aim of the notification should be to give other interested contracting parties a basis on which they could decide whether they wished to pursue the matter further by means of consultation. It was agreed that the notifications should describe the measures used and show the effect of these measures by the use of the latest statistics available — provided this was done adequately, it would not be necessary to notify individual transactions. It was understood that the headings used for Article XVI notifications (BISD, Ninth Supplement, page 193) would provide a useful starting point in this regard.

7. A proposal was made that a standing committee should be established to receive and oversee the notifications. The point was, however, made that it would be necessary to reach an understanding on the objectives to which the notification and consultation procedure was directed before this question could usefully be discussed.
ANNEX

List of Transactions

1. Direct subsidies to exporters.

2. Export restitutions.

3. Double-pricing practices, including home-market schemes, pooling arrangements and equalization funds.

4. Deficiency payments and comparable producer price support arrangements when they affect exports.

5. Currency retention schemes or any similar practices which involve a bonus on exports or re-exports.

6. The remission or exemption, calculated in relation to exports, of direct taxes or social welfare charges on commercial enterprises;

or

The remission or exemption, calculated in relation to exports, of taxes or charges;

or

Incentives being taxation measures related to exports and not covered by the first interpretative note to Article XVI.

7. The exemption, in respect of exported goods, of charges or taxes, other than charges in connexion with importation or indirect taxes levied at one or several stages on the same goods if sold for internal consumption; or the payment, in respect of exported goods, of amounts exceeding those effectively levied at one or several stages on these goods in the form of indirect taxes or of charges in connexion with importation or in both forms.

8. Sales in which, as a result of government intervention or of a centralized market scheme, prices are lower than prevailing world prices or, in the case of multi-year contracts, than can reasonably be expected to prevail in international markets for the duration of the contract.
9. In respect of government export credit guarantees, the charging of premiums at rates which are manifestly inadequate to cover the long-term operating costs and losses of the credit insurance institutions.

10. Sales on credit in which, as a result of government intervention or of a centralized marketing scheme, the interest rate, period of repayment (including periods of grace) or other related terms do not conform to the commercial rates, periods or terms prevailing in the world market and where the period of repayment is up to three years.¹

11. The government bearing all or part of the costs incurred by exporters in obtaining credit.

12. Sales in which the funds for the purchase of commodities are obtained under a loan from the government of the exporting country tied to the purchase of those commodities and in which the period of repayment is up to three years.¹

13. Government-sponsored barter transactions
   (a) involving price concessions
   (b) not involving price concessions.

14. Sales for non-convertible currency
   (a) involving price concessions
   (b) not involving price concessions.

¹This would include commercial and quasi-commercial transactions.