WORKING GROUP 1 - EXPORT SUBSIDIES

Introductory Statement by the Chairman, Mr. Benediktsson (Iceland)
at the Meeting of 24 May 1972.

As you will recall, at the twenty-seventh session the CONTRACTING PARTIES gave their general support to the suggestion that Working Group 1 on Non-Tariff Barriers undertake work on export subsidies covered by Article XVI:4. As most of the delegates who normally attend meetings on non-tariff barriers are in Geneva for the Licensing Group, we have taken the opportunity to call this meeting to discuss how the work on export subsidies should be organized.

You will all have had an opportunity to read a background note (COM.IND/W/73) prepared by the secretariat, which brings together relevant information on export subsidies drawn from a number of earlier documents. Paragraph 14 on pages 4 and 5 contains the proposed solutions put forward in Working Group 1, and you would want to consider whether these proposals might constitute an appropriate starting point for our future work of preparing ad referendum solutions. I think that for the purposes of organizing our work we can group the proposals in paragraph 14 into separate categories, according to the particular problems to which they are addressed.

Firstly, there are suggestions aimed at improving the adequacy of the obligations of Article XVI:4 through refinement and extension of the provisions. Sub-paragraph 14(b)(ii) suggests a refinement and elaboration of a definition of prohibited measures; sub-paragraph 14(c)(i) the removal of the two-price qualification. One could perhaps start by examining the list drawn up by the Panel on Subsidies in 1960 - reproduced in Annex C of COM.IND/W/73 - most likely with additions and further elaboration.

Secondly, there is the problem of assuring the implementation of the obligations. It has been suggested, as noted at the end of sub-paragraph 14(b)(iii), that there be a revision of the notification procedures.

Thirdly, there is the matter of obtaining a wider acceptance of the obligations of Article XVI:4. The proposals noted in 14(a)(i) for wider acceptance of the Declaration, and in 14(b)(ii) for revival of the standstill provisions are relevant in this regard.
These proposals to which I have just referred would seem to fall within our terms of reference. There are three other proposals noted in paragraph 14; we might wish to discuss whether the first two should be dealt with in our current exercise. They are (a) a proposal for a more precise definition of a primary product, and (b) the specific proposal in paragraph 14(c)(iii) regarding action that might be taken in case of a violation of the obligations of Article XVI:4. The third—the proposal for a general overall review of Article XVI under the provisions of paragraph 5 of the Article—appears to be outside our mandate.

My suggestion is, therefore, that we organize our future work to deal with the main issues in the order that I have outlined them above. Firstly, the adequacy of Article XVI:4 obligations, to which we could devote our first meeting in June; secondly, the assurance of the implementation of those obligations; and thirdly, how to obtain a wider acceptance of the obligations.

Before we open the matter for general discussion, I would like to point out that Canada has made a general notification (COM.IND/W/75) in regard to export financing practices which should be taken into account in our discussion.