The following communication dated 1 February 1982 has been received from the Commission of the European Communities.

A. General questions

1. According to the information available to the Community, a new sugar régime entered into force in Australia in 1979 (Sugar Agreement Act 1979). Does the Australian Government consider that it has fulfilled all its obligations under Article X?

   If that is not the case, does Australia intend to remedy that shortcoming promptly?

2. Does Australia consider that it has fulfilled all its obligations under Article XVII of the General Agreement?

B. Production

1. Does the Australian sugar régime limit sugar production?

   If so, what are the mechanisms and criteria applied?

2. How does the sugar régime influence prices:

   - on the domestic market?
   - of exports?

3. Are there any aids (subsidies, tax exemptions or refunds etc.) to the Australian sugar industry? What are they?

4. If applicable, what is the amount of such aids granted in each of the past five years?

5. Are consumer prices subsidized or do they reflect production costs?

6. What are the precise rôles of the central Government and of the Queensland Government as regards fixing the earnings of cane farmers and sugar producers?
C. Import régime

1. What régime is applicable to sugar imports?
   Is it the case that imports are simply prohibited without special permit?

2. What quantities of sugar have been imported into Australia under permit in recent years?

3. On how many occasions in recent years and for what quantities have the competent Australian authorities refused to grant import permits?
   (Section 5:1 of the Sugar Agreement Act, 1979)

D. Export régime

1. Can Australia give an assurance that its system never depresses prices in the world market?

2. Are there any subsidies on exports of sugar or products containing sugar?

3. Does this latter category of products come under the provisions of Article XVI:3 of the General Agreement?

4. To what extent do export prices reflect real production costs of Australian sugar?
   Have there been any periods during which world prices were too low to allow Australia to export without loss?
   If so, at what price level?
   If not, does that mean that Australia's export trade is always profit-making, or that prices have had to be subsidized?

5. Is it the case that the price of Australian sugar intended for the domestic market is largely determined in relation with prices obtained for exports? If so, does not that measure constitute a sort of export subsidy?

6. The Australian authorities grant advances to producers: do not those advances likewise constitute a subsidy?

7. The correlation between production and exports is striking:

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Source: O.I.S.
In 1980 and 1981 production was again in excess of 3.3 million tons. Since per capita consumption was virtually stable (for the same years, in kg. per year: 55.7-57.9-57.5-56.0-58.0-57.3-55.3) with an aggregate increase of only some 300,000 tons between 1961 and 1979, the policy is therefore to produce for export. Why should such a policy be justified for Australia and not for the Community?

8. According to press reports, Australia grants discounts to clients with which it has concluded long-term contracts (Japan, Korea, Malaysia, etc.)

Are those reports correct?

What is the reference price (London Special Price? Other?) used by Australia and on which the Community could align itself in order to comply with Article 10:3 of the Subsidies Code?

9. Can Australia confirm that its sales under long-term contracts represent 73 per cent of its aggregate exports?

Can it furnish a list of countries with which it has concluded such contracts as it is apparently required to do under Article X of the General Agreement?

Does Australia consider that it has fulfilled its obligations under Article XVII of the General Agreement regarding non-discrimination in export trade? If not, when does it intend to carry out those obligations? Alternatively, when will it request a waiver in the appropriate GATT organs?

10. Australia is reported to have borrowed SDR 23.7 million from the IMF in order to place 162,000 tons of surplus sugar in stock in November 1972. Can Australia confirm that information? Can one consider that aid to be a subsidy of the Article XVI type?

E. Other questions

1. Why is Australia attacking EEC sugar policy while disregarding the sugar policies of other partners that are clearly detrimental to Australian interests?

2. Does Australia consider that the development of world production of isoglucose is prejudicial to its interests?

3. Does Australia consider that it has fulfilled its obligations and commitments under Part IV of the General Agreement?