GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONTRACTING PARTIES
Ninth Session

Review Working Party III on Barriers to
Trade other than Restrictions or Tariffs

CANADIAN PROPOSAL FOR AMENDMENT TO ARTICLE XVI

"Export Subsidies and Export Incentives"

A.

"1. No contracting party shall grant, directly or indirectly on the export of
any product, any subsidy which results in the sale of such product for export
at a price lower than the price charged for the like product to buyers in the
domestic market. For the purpose of this Article a subsidy on export shall be
considered to include any system of export incentives, or any other system,
which results in the sale of a product for export at a price lower than the
comparable price charged for the like product to buyers in the domestic market;
further, in comparing export and domestic prices due allowance shall be made
for established commercial differences in the conditions and terms of sale, in
taxation, and in any other factors affecting price comparability.

"2. Contracting parties shall give effect to the provisions of paragraph 1 at
the earliest practicable date but not later than 31 December 1955. If any
contracting party considers itself unable to do so in respect of any particular
product or products, it shall, at least three months before that date, give
notice in writing to the Organization, requesting a specific extension of the
period. Such notice shall be accompanied by a full analysis of the system in
question and the circumstances considered to justify it. The Organization
shall then determine whether the extension requested should be permitted, and,
if so, on what terms.

"3. For the purpose of this Article operations of the type described in
Article VI, paragraph 7, shall be considered not to be a form of export subsidy.

B.

"4. The provisions of Section A. of this Article shall not apply to an export
subsidy that complies with the following conditions:
(a) the subsidy is on an agricultural or fisheries product;

(b) the contracting party applying it operates in respect of that agricultural or fisheries product a system of price or income support which has the effect of maintaining domestic prices above the level of prices obtaining in international trade;

(c) the subsidized exports do not interfere with the normal commercial marketings by another contracting party of that product or a closely related product.

"5. The contracting party granting a subsidy under paragraph 4 shall, on request, consult promptly with any other contracting party or contracting parties which consider that any of the conditions laid down in that paragraph are not being complied with.

"6. In so far as such consultations relate to the condition laid down in paragraph 4(c), account shall be taken of all relevant factors affecting trade in the product concerned and, in particular:

(a) the shares which individual contracting parties might have been expected to obtain in the absence of the subsidy, having regard to the shares of individual contracting parties during a previous representative period and the trends of trade before and after the subsidy was applied;

(b) the effect of the subsidy on the level of prices in international trade;

(c) the desirability of facilitating gradual expansion of production for export in those areas able to satisfy world market requirements of the product in the most effective and economic manner, and therefore of limiting any subsidies or other measures which make that expansion difficult.

"7. If, within a reasonable period of time no agreement is reached in such consultations the matter may be referred to the Organization. The Organization shall review the matter in the light of the conditions required by paragraph 4 and the considerations set forth in paragraph 6. If it determines that any of the conditions in paragraph 4 are not being complied with, it shall make recommendations to the contracting party granting the subsidy designed to ensure compliance; and that contracting party shall comply with any such recommendations.

"8. In any contracting party grants or maintains any subsidy under paragraph 2 or paragraph 4 above it shall report to the Organization in such form and at such times as the Organization may from time to time require."