1. At its meeting in November 1975 the Sub-Group "Subsidies and Countervailing Duties" reiterated its agreement that participants be invited to submit comments on problems encountered in the areas of subsidies and countervailing duties as well as any specific proposals for appropriate solutions to these problems including, where feasible, draft texts or suggestions. It was also understood that delegations which had already submitted comments or proposals might wish to revise them in the light of the discussion. The Sub-Group also invited participants to submit in writing any additional observations or questions they might have in respect of submissions by other members (MTN/NTM/10, paragraph 2 and GATT/AIR/1242).

2. A communication has been received from Venezuela and is reproduced hereunder.

3. Delegations who wish to respond to those invitations are requested to do so without delay.

The Venezuelan authorities consider that the negotiations on non-tariff measures, so far as subsidies and countervailing duties are concerned, should aim at the formulation of an appropriate instrument governing their application at a multilateral level, for example an international code of conduct. In the opinion of Venezuela it is of urgent necessity that the interests of the developing countries should receive appropriate consideration and should be safeguarded, through the application of differentiated and more favourable treatment, in the formulation of an instrument of that nature and in conformity with the terms of the Tokyo Declaration.

In the opinion of Venezuela, the differentiated and more favourable treatment should be characterized by the following basic elements:
1. Recognition should be given, by means of concrete resolutions to be adopted, to the right of the developing countries to use subsidies as a means of promoting the expansion and diversification of their exports of manufactures and semi-manufactures, and to the right and the need to increase their relative share in world exports of these products. The resolutions embodying this recognition on the part of the international community would have to make provision for machinery designed to except imports originating in developing countries from the application of countervailing duties by importing developed countries. In cases of proved disruption of the domestic market caused by such imports, the developed countries affected should choose the method of reconversion or adjustment measures in the sector involved, in conformity with the provisions of Article XXXVII, paragraph 3(c), of the General Agreement.

2. Recognition should be given to the right of the developing countries to apply countervailing duties to imports originating in developed countries, for which purpose more flexible criteria should be adopted than those agreed among the developed countries themselves, for example, not only the criterion of proved material injury but also that of threatened injury, in view of the fact that the economies of the developing countries are handicapped in any attempts to adjust or reconvert the industries or sectors affected.