CONTRIBUTION TO MINISTERIAL MEETING

Communication from Australia

1. At the 29 April meeting of the Committee the Chairman requested that suggestions relating to possible contributions to the Ministerial meeting be submitted in writing.

2. In response to that request the following communication has been received from the Permanent Mission of Australia. In this relation the representative of Australia observed that he would be elaborating his Government's views on the issues of subsidies in both the Preparatory Committee and the Consultative Group of Eighteen.

1. It is clear from the large number of disputes on subsidy issues which are currently before the GATT and the Code on Subsidies and Countervailing Measures that problems in this area are a major cause of tensions in the world trading system.

2. In Australia's view the Code on Subsidies and Countervailing Measures has made little contribution to the reduction of tensions in this area, or towards removing the prejudicial effects of subsidies on the trade or interests of the GATT Contracting Parties. In particular we note that:

- only thirty GATT Contracting Parties have accepted the Code; of these a number have, on their acceptance of the Code, either reserved their position or expressed qualified support for the Code;

1 Disputes under the GATT: a joint complaint by ten Contracting Parties on the ECs sugar subsidies; complaints by Australia on EC subsidies on canned fruit and export subsidies on wheat flour; complaint by the United States on EC subsidies on canned fruit and dried vine fruit; dispute on the notification of the DISC as a subsidy. Disputes under the Code: complaints by the United States on EC export subsidies on wheat flour, sugar, pasta, poultry and poultry parts; dispute on the DISC; complaint by India on the United States legislation and practice under the Code.
the Code has done little, if anything, to integrate rules on subsidies on agricultural products more fully into the GATT framework. A number of Code Signatories have continued to lodge complaints on agricultural subsidies under the GATT rather than the Code. In particular, while the GATT has been unable to resolve the major dispute between Australia, Brazil and the EC on the ECs sugar export subsidies régime, ten Contracting Parties have nevertheless lodged a new, joint complaint against the ECs sugar subsidies in the GATT, rather than under the Code;

one Contracting Party (and Code Signatory) continues to operate a major export subsidy scheme, despite the fact that this has been found to be contrary to its obligations under the GATT by the Contracting Parties;

a number of Code Signatories have made statements which unilaterally interpret certain provisions of the Code, and have indicated that if these interpretations were not upheld they would have to review their respective positions in relation to the Code.

3. In these circumstances, Australia considers that the GATT Ministerial meeting should identify the area of subsidies as a priority area requiring urgent attention. It further proposes that the Ministerial meeting should agree to a review of the operation of Article XVI of the GATT, as provided under paragraph 5 of that Article, i.e. "The Contracting Parties shall review the operation of the provisions of this Article from time to time with a view to examining its effectiveness, in the light of actual experience, in promoting the objectives of this Agreement and avoiding subsidization seriously prejudicial to the trade or interests of Contracting Parties".