CONTRIBUTION TO THE MINISTERIAL MEETING

Note by the Chairman

1. The Committee noted the important role subsidies were playing in domestic economies and the effect these may have on international trade as well as the increased recourse to countervailing measures. It considered that the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement provided a legal framework for a multilateral discipline in the field of subsidies and countervailing measures.

2. The Committee reaffirmed the principles underlying the Agreement as set forth in its Preamble. The Committee stressed the need for continuing efforts to ensure that the practices of all signatories, including their domestic legislation, in the field of subsidies and countervailing measures, are in conformity with the provisions of the Agreement.

3. The Committee noted that a number of specific problems had arisen in relation to the implementation and operation of the Agreement and that these problems were being discussed in the Committee with a view to resolving them in accordance with the letter and spirit of the Agreement.

4. The Committee would continue its efforts to arrive at an agreed definition of a subsidy, common criteria for the calculation of the amount of a subsidy and agreed interpretations of other terms used in the Agreement.

5. The Committee considered that it was particularly important to achieve better transparency in the field of subsidies, and while reaffirming the need to continue efforts already undertaken by the Committee in this field, noted that obligations of Article XVI:1 of the General Agreement applied to all contracting parties.

6. Some members of the Committee noted that Article XVI:5 of the General Agreement contained provisions for review of the operation of Article XVI and expressed the view that an early consideration should be given by the CONTRACTING PARTIES to these provisions to ensure compliance with this obligation of the General Agreement. Some other members felt that it would be appropriate to gain further experience in the operation of the Agreement before considering such an approach.

7. The Committee invited other contracting parties which had not, as yet, adhered to the Agreement, to do so as soon as possible. In this connection, the hope was expressed that more developing countries would adhere to the Agreement and that observers be more closely involved in the work of the Committee.

8. The Committee took note of proposals made in the field of subsidies and countervailing measures.