MINUTES OF THE MEETING HELD ON 27 OCTOBER 1982

Chairman: Mr. M. Ikeda (Japan)

1. The Committee on Subsidies and Countervailing Measures met on 27 October 1982.

2. The Committee adopted the following agenda:
   A. Adherence of further countries to the Agreement
   B. Examination of national legislation and implementing regulations (SCM/1 and addenda)
   C. Notification of subsidies (L/5102 and addenda)
   D. Semi-annual reports of countervailing duty actions taken within the period 1 January 1982 (SCM/34 and addenda)
   E. Reports on all preliminary or final countervailing duty actions (SCM/W/31, 33, 34, 35 and 36)
   F. Matter referred by India to the Committee under Article 17:1 of the Agreement (certain domestic procedures of the United States)
   G. Other actions taken under the Agreement
   H. Annual review and the report to the CONTRACTING PARTIES
   I. Other business
      (a) Uruguay - statement with respect to the measures announced in L/5355
      (b) Canada - alleged subsidization of export of certain wood products to the United States
      (c) Sweden - US proceeding with respect to imports of specialty steel
      (d) United States - proceedings of the Panel on EC subsidies - on exports of wheat flour

In answering a question from the representative of Chile the Chairman confirmed that there would be ample opportunity in the Group of Experts to discuss general issues related to the action taken by the United States concerning certain steel products exported by the EEC.
A. Adherence of further countries to the Agreement

3. The Chairman informed the Committee that since its last regular session (29 April 1982) no further country had adhered to the Agreement. The representative of the United States enquired about the status of ratification of the Code by Egypt. The representative of Egypt said that ratification procedures were still going on and as soon as they were terminated the Committee would be duly notified.

B. Examination of national legislations and implementing regulations (SCM/1 and addenda)

4. The Chairman said that since the last regular session of the Committee the secretariat had circulated a notification concerning the national legislation of Spain (SCM/1/Add.17/Rev.1) and amendments to the EEC countervailing duty legislation (SCM/1/Add.1/Suppl.1). The present status of notifications of national legislations was given in SCM/W/38, paragraphs 4-6. Signatories who had not, so far, formally notified the Committee of their actions under Article 19:5 of the Agreement were requested to do so without delay.

5. The representative of the EEC said that at the meeting of the Committee on Anti-Dumping Practices he had made some comments on the Spanish anti-dumping legislation. The same comments applied to the Spanish countervailing duty legislation.

6. The representative of Spain said that as far as countervailing duty legislation was concerned the situation was different from the case of the anti-dumping legislation. The former had been ratified and published in the Official Bulletin thus becoming a part of internal legislation. The Code on Subsidies and Countervailing Duties was still subject to ratification procedures. For this reason Article 1 of the text circulated in SCM/1/Add.17/Rev.1 did not refer to the Code. However the Spanish administration was bound by the provisions of the Code. The text of the law would be published in the Official Bulletin and notified as soon as Parliament ratified the Code.

7. The representative of Japan asked whether Article 9 of the Spanish legislation corresponded to Article 4:5(a)(i) of the Code. The representative of Spain confirmed that it did. He added that once the Code was ratified it would be published and would constitute a part of the national law.

8. The representative of the United States asked whether the status of work on the Canadian countervailing duty legislation was the same as that on the anti-dumping legislation. The representative of Canada said that this was the case.

9. The representative of the EEC referred to the Korean legislation (SCM/1/Add.13/Rev.1) and enquired whether under Articles 9 and 10 of the Enforcement Decree denunciation of an undertaking was only possible with the agreement of the Korean authorities. He also enquired whether the publication

1See document ADP/M/9, paragraphs 5-10.
of decisions taken in the course of a countervailing duty investigation (Article 11) meant that they would also include reasons and motivations therefor. The representative of Korea said that he would refer these two questions to his authorities and should be able to reply at the next meeting or through informal channels. The Chairman said that replies to questions raised at the meeting should be notified to the Committee at its subsequent meeting.

10. The representative of the EEC said that at the previous meeting of the Committee he had made a number of critical remarks on the legislation of New Zealand. The representative of New Zealand had promised to report this criticism back to his authorities. He also raised another point concerning the proposed arrangement for a closer economic relationship between Australia and New Zealand. Paragraph 39 of this arrangement provided for performance based export incentives to be eliminated by the end of the taxation year ending 1987. He wanted to know how this time period could be reconciled with the undertaking given by New Zealand at its acceptance of the Code, namely to eliminate export subsidies by 31 March 1985.

11. The representative of New Zealand said that he was unable to give any detailed information as to the views of his authorities because he had not received any comments on the points put by the EEC. He reiterated, however, that his government stood to abide by international obligations including those inscribed in the Code. As to the proposed agreement with Australia he had also noted the time-period ending in 1987 and had drawn the attention of his authorities to this fact. He supposed that this matter was under examination as the proposed agreement had not been, as yet, finalized.

12. The representative of the EEC said that for the moment he was satisfied with the reply concerning the arrangement between Australia and New Zealand. As far as the first question was concerned he could understand if a representative confronted with new questions had to refer them to his capital and consequently requested some delay for the reply. But in this case such questions had been asked at the previous meeting and the New Zealand authorities had had ample time to react.

13. The representative of New Zealand said that he could predict that the answer of his authorities would be along the lines of his reply at the previous meeting, namely that the questions revealed a basic misunderstanding of the constitutional position of New Zealand. There was nothing in the New Zealand legislation that could prevent it from fully complying with the provisions of the Code.

14. The Chairman said that all statements would be recorded and that the item would remain on the agenda in order to allow the Signatories to revert to particular aspects of some legislations at a later stage or in the light of their practical implementation.

C. Notification of subsidies (L/5102 and addenda)

15. The representative of the United States noted that since the last meeting only Korea and India had submitted notifications under Article XVI:1 of the General Agreement. He was concerned about the lack of notifications from Brazil, New Zealand, Pakistan and Uruguay, despite the fact that the matter had been discussed in the Committee for quite a long time and it concerned one
of the fundamental obligations under the Code and under the General Agreement itself. He also noted that a number of export credit subsidy measures had not been notified by several Signatories. He wished to re-emphasize the concern of the United States about these notifications and about the fact that transparency was far from what was intended by the Code.

16. The representative of New Zealand expressed his regret that his country's notification was not yet available and said that it was in the final stage of preparation. The representative of Brazil confirmed his Government's firm intention to comply with Article XVI:1. His authorities had been preparing a notification and this notification would be submitted as soon as possible. At the same time he was concerned with the fact that some of Brazil's major trading partners had not notified all their subsidy programmes. One of them had not even notified its main export subsidy programme, despite repeated requests in the Committee to do so. As to notification of export credit programmes he said that it would shortly be submitted to the Committee.

17. The representative of Chile shared the concern expressed by the representative of the United States. He added that not only the Signatories mentioned by the US representative but also Spain, Greece and Yugoslavia had not submitted their notifications. The obligation resulted from the General Agreement and concerned a very important matter of transparency and good implementation of the Code. Obligations had to be fulfilled and all Signatories should be concerned by this unsatisfactory situation. He also shared the concern of the representative of Brazil that a major Signatory had not notified its export subsidy programme.

18. The representative of the EEC noted that in the communications SCM/28, 29 and 30 the United States referred to the first paragraph of item (k) of the Subsidies Code's Illustrative List in support of its requests for notification. However, the second paragraph of item (k) stipulated that, if a Signatory was a party to an international undertaking on official export credits, an export credit practice which was in conformity with the provisions of this undertaking should not be considered an export subsidy prohibited by the Code. It had always been the Community's view that this paragraph had the sole purpose of providing an exception to the provisions of the Code for export credit programmes conforming to the provisions of international agreements such as the OECD consensus. The aim of this exception was to avoid creating a conflict between provisions applicable in the GATT framework and those included in those agreements, and to avoid wasteful duplication of effort. Nevertheless, the Commission was happy to confirm to the Committee that the export credit programmes of its member States, referred to in the documents SCM/28, SCM/29 and SCM/30, did indeed conform strictly to the provisions of the OECD Consensus on export credits, and thus represented practices covered by item (k), paragraph 2. The OECD publication on export credit financing systems in OECD member countries was at present being updated by the export credits group of the Trade Committee and would shortly be reissued in revised form. The publication would be readily available to governments.

19. The representative of Canada joined the delegations of the United States and Chile in their call for transparency and prompt notification of subsidies. He agreed that paragraph (k) of the Illustrative List provided for export credits consistent with the OECD consensus not to be considered as prohibited export subsidies but he could not agree with the EEC interpretation that they
were not subsidies in the sense of Article XVI:1. Consequently they were countervailable if they were injurious. As to the US request under Article 7:3 for notification of certain Canadian programmes (SCM/32) he recalled that his Government had explained (SCM/37) why it did not consider these programmes as subsidies in the sense of Article XVI:1. He also noted that the United States had recently announced an export credit programme in the agricultural field. He expected that this programme would shortly be notified as a subsidy.

20. The representative of Pakistan said that he shared the concern of the US representative regarding notifications of subsidies. He further said that due to administrative problems his authorities were not able to finalize their notification in time for this meeting but it should be done in the very near future. The representative of Uruguay said that he too shared the US concern. One of the reasons for the delay in notifications was that the Code was a relatively new instrument and developing countries needed a certain time to examine ways and means in which their obligations would best be fulfilled.

21. The representative of Austria said that as far as the US request for notification of certain practices addressed to Austria in SCM/26 was concerned he wished to associate himself with the statement made by the representative of the EEC.

22. The representative of the United States said that his interpretation of the second part of paragraph (k) of the Illustrative List was exactly the same as that expressed by the representative of Canada. The second part provided for an exception to the prohibition contained in the first paragraph and not to the obligation of Article 7 of the Code or Article XVI:1 of the General Agreement. He said that he was glad to hear that the EEC and its member States were conforming to their obligations under the OECD arrangement. Responding to the delegation of Canada with regard to notification of subsidy programmes in which the United States might engage in the future, he said that his authorities had always notified such programmes if they fell within the definition of Article XVI:1. This policy would be continued in the future. However the programme mentioned by the representative of Canada had not been utilized nor had it been announced within the reporting period. Should this programme come into effect the United States would feel obliged to notify it. He also expressed his hope that the Canadian delegation would reconsider its decision not to notify certain duty remission schemes which, in his view, certainly had the effect of a subsidy.

23. The representative of Spain said that he was very much attracted by the principle of transparency and recognized the importance of obligations under Article XVI:1. His authorities were preparing a general notification of all subsidies falling within the scope of Article XVI:1 but it was very complicated because different subsidies were granted by various departments and various regional governments. As to the question of the export credit systems he said that they should be notified, although he believed that the Spanish system was in full conformity with the OECD arrangement.

24. The representative of Switzerland reiterated his position that the second part of paragraph (k) of the Illustrative List meant that export credits covered by it were not considered as prohibited practices but that they should, nevertheless, be notified. Referring to the question of DISC he requested the US representative to give an assurance that the United States
would notify its DISC programme. He shared the concern of previous speakers with respect to the unsatisfactory status of notifications. He noted that this matter had been discussed for almost two years but sufficient progress had not been made. This situation required special consideration and therefore he would like to invite the Chairman to consult with Signatories on how to proceed in order to work out an efficient solution. He thought that it should be possible to hold such consultations in time to present, at the next meeting, a concrete work programme on this matter.

25. The representative of Chile said that the second part of paragraph (k) of the Illustrative List did not imply in any way that export credits applied under the OECD arrangement were not subsidies; therefore they had to be notified. They could also be subjected to countervailing duties if necessary. He also reiterated his concern with respect to the DISC system. Referring to the question of transparency he recalled that the EEC had circulated a statement (SCM/23) which contained many useful and constructive ideas. This statement could be taken as a basis for a possible review of the questionnaire. He further said that the Committee should agree to have a special meeting in order to carry out a detailed review of the various notifications under Article XVI:1. This matter had been postponed for a very long time already but it was absolutely necessary to undertake this review as soon as possible. He proposed that the Chairman, in consultation with delegations, should fix a date at which such a review could be undertaken.

26. The representative of the United States noted, in response to the request of the representative of Switzerland, that at the October 1982 Council meeting the representative of the United States had made an extensive presentation with regard to the status of the DISC. The United States was currently considering the future of the DISC on an urgent basis and he hoped that in the near future he would report to the Committee and to the GATT Council.

27. The Chairman said that the problem of notifications had been on the agenda of every regular session of the Committee. The Committee repeatedly had agreed that all Signatories should submit their notification without delay and that notifications should cover subsidies both in the agricultural and the industrial field. The present situation in this respect, although considerably better than at the time of the previous annual review, was still far from being fully satisfactory. It seemed that to establish another deadline for submission of notifications would not ensure that it would be observed. The Committee should find a more efficient way to deal with this situation and to achieve better transparency. It would require deep reflection and goodwill from all the Signatories.

28. The representative of Canada agreed that although some progress had been achieved it was not sufficient. He saw some attraction in having a special session to examine the entire range of notifications and to see what the problems were with the questionnaire on subsidies.

29. The representative of Japan said in the light of the situation where there were some Signatories who had not notified their subsidies, the first priority should be given to securing notifications from those countries. A deadline for submission would help. Only when all notifications were available could the special meeting be convened.
30. The representative of Chile said that it was very important for the functioning of the Committee to carry out an examination of notifications. If, at the time of the special session there were some Signatories who had not submitted their notifications, the Committee should examine their subsidy programmes on the basis of the best information available. The Committee should not postpone the special session until all the notifications had been made because experience showed that it might never happen.

31. The Chairman said that the general feeling in the Committee was that there was a need for working out a mechanism which would ensure the constant improvement of the situation. In this relation two approaches had emerged in the course of the discussion. One was to agree on a date for a special session with the understanding that every effort should be made to have notifications by that time, the second was to agree on an expeditious procedure for notifications and only after that consider the feasibility of a special session.

32. The representative of Switzerland said that the most important thing was to properly prepare and organize a special meeting. It should not be limited to the examination of individual notifications; there were other important issues to deal with. This was why he had suggested that the Chairman should engage in a process of consultations to see how best to prepare such a meeting. Otherwise the meeting might be just another futile exercise, with no concrete results and no real progress.

33. The representative of Chile said that he could go along with the Swiss approach. However, the question before the Committee was not to decide whether to have a special session to examine individual notifications. Such a decision had already been taken (SCM/M/9, paragraph 9) and the only problem was to decide on the date and to properly prepare such a meeting. He thought that in pursuance to the Chairman's consultations the special meeting could take place in the first three months of next year. If not all the delegations had notified by that date, the Committee would carry out the analysis on the basis of whatever information was available.

34. The representative of the United States associated himself with the views expressed by Canada, Chile and Switzerland. He considered that the special session was necessary and he agreed that sufficient information on certain subsidy programmes of various Signatories was available from various sources to have such a session even if not all notifications had been made.

35. The Chairman said that he would have consultations with delegations on how to prepare such a special session. One of the possible results of these consultations might be a letter from the Chairman to all Signatories requesting them to submit notifications as substantive as possible within a concrete time-limit. The letter might also contain a suggestion on the date of the special session which would examine individual notifications and consider general problems related to notifications, including the improvement of the questionnaire. The Committee agreed with this procedure.

D. Semi-annual reports of countervailing duty actions taken within the period 1 January 1982-30 June 1982 (SCM/34 and addenda)

36. The Chairman recalled that an invitation to submit semi-annual reports under Article 2:16 of the Agreement had been circulated in SCM/34 on 5 August 1982. Responses to this request had been issued in addenda to that
document. It was highly regrettable that semi-annual reports, especially from those Signatories who had taken countervailing duty actions, had been submitted very late. These unjustified delays caused serious technical problems for the secretariat and made it difficult for other Signatories to prepare their comments. In order to avoid such delays occurring in the future the Committee should decide that semi-annual reports should be submitted at the latest one month before the meeting.

37. The Committee decided that the deadline for submission of semi-annual reports would be 28 February and 30 September of each year.

38. The Chairman said that the following Signatories had notified the Committee that they had not taken any countervailing duty action during the period 1 January 1982-30 June 1982: Austria, Brazil, Canada, Finland, Hong Kong, India, Japan, Korea, New Zealand, Norway, Spain, Sweden, Switzerland, Uruguay and Yugoslavia. Countervailing duty actions had been notified by Chile (SCM/34/Add.1), the United States (SCM/34/Add.2) and the EEC (SCM/34/Add.4). No reports had been received from Australia, Egypt and Pakistan. He urged those Signatories to submit their reports without further delay.

39. The representative of Australia, Egypt and Pakistan informed the Committee that no countervailing duty action had been taken by their authorities within the reporting period.

40. The representative of Chile asked whether the US action against EEC steel exports would be notified to the Committee. The representative of the United States said that there would be a notification at the appropriate time by the United States with regard to the status of these cases. The representative of Chile asked whether his understanding was correct that many of these actions taken for countervailing reasons would not fall under the provisions of the Code. In other words, the investigation had been concluded on another basis than Article 4:5(i). Consequently the measures taken were export restrictions by the EEC on certain steel products destined to the US market. The representative of the United States said that the understanding of the representative of Chile was correct. The representative of Chile said that in view of the Ministerial Meeting the fact that there were many measures taken outside the framework of the General Agreement, as the bilateral agreements between the United States and the EEC, was of great concern to his delegation.

E. Reports on all preliminary or final countervailing duty actions (SCM/31, 33, 34, 35 and 36)

41. The Chairman said that notifications under these procedures had been received from Chile, the EEC and the United States.

42. The representative of Canada said that he wanted to raise a case which had not been reported, namely the US action against subway cars exported by a Canadian firm - Bombardier. The US ITC had made a preliminary determination that there was injury caused by the import of railway passenger cars and parts thereof from Canada. However this determination was based on a broader definition of a like product than alleged in the petition and avoided the key issue, namely the definition of industry. The background to this was that on 24 June 1982 the Budd Company had filed a petition alleging that producers,
manufacturers or exporters of railcars in Canada received subsidies and that
these imports were materially injuring or threatening to materially injure a
US industry. On 2 July 1982 the ITC had issued a notice of preliminary injury
investigation before the Department of Commerce had acted on the petition.
The notice had confirmed the scope of the complaint, namely that it concerned
certain imported subway cars and parts thereof delivered to the New York
Metropolitan Transit Authority. Following its investigation the ITC had
determined that there was a reasonable indication that an industry in the
United States was materially injured or threatened with material injury by
reason of allegedly subsidized imports of railway passenger cars and parts
thereof. He considered that this determination was less than convincing. In
particular the ITC determination disregarded the definition of injury. It
also disregarded the fact that all major components of the subway cars in
question, except one, were produced in the United States. As to minor
components the petitioner had not indicated who would be the potential
sub-contractors and therefore it was not possible to know the US supplier who
might have been affected. In the absence of orders for specific components
there were no domestic producers of the like product and thus there could not
be material injury to a domestic industry producing a like product.
Furthermore it was clear from both the report of the Department of Treasury
and from the public testimony by the Metropolitan Authority that even if Budd
had obtained the equivalent financing it would not have been awarded the
contract. He concluded by saying that in this case the determination of
injury had been less than clearly made in terms of the definition of the
industry involved.

43. The representative of the United States said that he was hindered in his
response by the fact that the investigation was still proceeding and he would
not comment on the merits of the case. The petitioner had argued that there
was an industry in the United State being injured by the subsidized imports.
The ITC had made only a preliminary determination of reasonable indication of
injury. Should the Commerce Department find that there were subsidies, the
ITC would, thereupon, undertake a final injury investigation at which all of
the issues raised by Canada would be fully examined and all decisions would be
fully explained.

F. Matter referred by India to the Committee under Article 17:1 of the
Agreement (certain domestic procedures of the United States)

44. The Chairman recalled that this matter had been discussed at the meetings
of 29 April 1982 and 15 July 1982. The Parties concerned had been invited to
continue their best efforts to find a quick and equitable solution. The
Committee had agreed to revert to the matter at this meeting. However the
Chairman had been informed by the parties concerned that bilateral
consultations were still going on and therefore it seemed advisable to
postpone the consideration of this item until the next meeting. It was so
decided.

G. Other actions taken under the Agreement

45. The Chairman recalled that the Committee had agreed to revert to the
question regarding the invocation of the non-application provisions of
Article 19:9 of the Agreement in relation to the draft decision circulated in
SCM/W/14. As the interested delegations were continuing their consultations, the consideration of this question should be postponed to a subsequent meeting. It was so decided.

H. Annual review and the report to the CONTRACTING PARTIES

46. The Committee examined and adopted the annual report to the CONTRACTING PARTIES (L/5402).

I. Other business

(a) Uruguay - statement with respect to the measures announced in L/5355

47. The representative of Uruguay made a declaration concerning measures taken by his Government and notified in L/5355. He said that because of external and internal factors Uruguay was faced with a difficult economic situation and the Government had found itself obliged to take certain temporary measures in the context of the declaration made on 31 December 1979 on the occasion of Uruguay's accession to the Agreement on subsidies and countervailing duties (L/4924). Comparative analysis between the situation in 1979 and the current situation highlighted the need in which Uruguay had found itself to take measures designed to overcome the unfavourable economic situation and avoid a still steeper decline in production and employment levels. The national authorities had therefore tried to create better conditions of external competitiveness and profitability for producing sectors, with a view to countering the fall in demand and external prices. To that end, the Government had decided to introduce a supplementary and temporary subsidy at the rate of 10 per cent, together with other measures such as speeding up the rate of the devaluation already announced, and freezing nominal wages.

48. The representative of Uruguay said that despite the measures taken, his country was in no way changing its economic policy. The objectives remained unchaged, and were as stated by the Government in its declaration of 1979. Uruguay was neither abandoning nor amending its political decision to reduce incentives granted to exporters. The intention was to implement that policy in accordance with Article 14:5 of the Agreement, to the extent that that policy was consistent with the country's competitive and development needs. Uruguay believed that the other Signatories of the Agreement would understand that position and that interpretation. Furthermore, the confidence of developing countries in the system established by the Agreement on subsidies would grow all the more if the Agreement was understood as not obliging any of them to act counter to its development needs.

49. The representative of the United States said that he had a great sympathy for the problems faced by Uruguay. He took note of the statement by the representative of Uruguay while pointing out that his authorities took obligations under the Code very seriously. His understanding was that the measures taken by Uruguay were temporary and that Uruguay would review them at the earliest possible date and would bring its subsidy policy in conformity with its obligations under its 1979 commitment.
50. The Committee took note of the statements made.

(b) Canada - alleged subsidization of export of certain wood products to the United States

51. The representative of Canada said that he would like to draw the Committee's attention to a very important question of principle. The US authorities had recently received a petition to initiate a countervailing duty investigation concerning export of certain forestry products from Canada based essentially on the allegation that stumpage practices conveyed a subsidy to it. The Canadian authorities held strong views that an investigation should not be initiated because stumpage practices did not constitute subsidies and therefore were not countervailable. He reserved his right to revert to this question depending on what follow-up would be given to the petition.

52. The representative of the United States said that the petition in question had only been received on 7 October 1982. The decision whether to initiate a countervailing duty investigation would be taken very shortly and would be duly motivated.

53. The representative of the EEC asked about the status of liquidation of the float-glass cases in the United States. The representative of the United States said that these cases were still in litigation in the US courts and the Department of Commerce was doing its best to terminate the litigation and proceed normally with the cases.

(c) Sweden - US proceeding with respect to imports of specialty steel

54. The representative of Sweden said that specialty steel exported by his country was subjected to an anti-subsidy investigation in the United States, under Section 301 of the Trade Act. The first round of bilateral consultations between the two countries had recently been concluded but the procedures raised serious questions on the compatibility of the US law with the Code. Firstly the US law provided for certain procedures to determine whether the case should be taken to GATT. These procedures were extremely time-consuming and created a lot of uncertainty for the traders. Furthermore they duplicated GATT procedures, for instance as regards consultations. Secondly the US authorities had not provided any evidence on the causality between the Swedish support measures and the difficulties of the US specialty steel industry. According to the Code such evidence should have accompanied the request for consultations. Thirdly the USTR had issued recommendations to the President on the case and the President had twenty-one days to decide whether to take action against Swedish exports or not. This decision might result in restrictive measures even if GATT procedures had not really started.

55. The representative of the United States said that he was surprised by the suggestion made by the representative of Sweden that procedures under Section 301 were not in conformity with the Code. All time-limits were virtually identical to those provided for in the dispute settlement part of the Code. Secondly it was incorrect to suggest that the procedures made under Section 301 would disregard GATT obligations. On the contrary, bilateral consultations provided for in that section had taken place in the GATT context and should be considered as an attempt to resolve the problem before it went to the Code dispute settlement procedure. He hoped that the representative of Sweden was not proposing that every dispute under the Code be taken all the
way to a panel decision. Thirdly with regard to the specific allegation in
the steel case he wished to stress that the subsidies in question fell within
the scope of Article 9 of the Code. Nevertheless the United States had made a
representation with regard to injury in bilateral consultations. Fourthly the
President had received a recommendation from the USTR and other branches of
the government. The President might act but he had not acted so far.
Furthermore on several previous occasions the President had made decisions
under Section 301 but none of them had ever been challenged as inconsistent
with the Code. He concluded by saying that he could not understand how the
United States could be accused of ignoring or attempting to get around its
Code obligations.

56. The representative of Sweden said that he did not question the good
intent of the United States but it was a fact that the GATT proceedings had
started as late as last month and if they were followed according to the Code
time-periods the case could not be concluded until late spring. However it
was possible that the US Government would take a decision on these cases in
November. In such a case the Code procedures would be pointless.

(d) United States - proceedings of the Panel on EC subsidies on exports
of wheat flour

57. The representative of the United States said that he would ask for the
good offices of the Chairman and of the GATT secretariat to enquire on the
status of progress of the Panel on EC export subsidies on Wheat Flour. His
delegation had been given to believe early in the spring that the panel report
would be submitted before the summer recess. Later it had been told that it
would be submitted immediately thereafter; then quite recently it had been
told that the case might be even further delayed. This was a matter of great
concern not only to the United States but also to other Signatories, because
the extent to which deadlines of the Code were not observed discouraged
Signatories from submitting their dispute to the dispute settlement process.
He hoped that the Panel would render its decision at the earliest possible
date, in conformity with the requirements of the Code.

58. The Chairman said that he himself and the secretariat would convey the
concern expressed by the US representative to the Chairman and the members of
the Panel.

Date of the next regular session of the Committee

59. The Chairman recalled that, according to the decision taken by the
Committee at its April 1981 meeting (SCM/M/6, paragraph 36), the next regular
session of the Committee would take place in the week of 25 April 1983.