GENERAL AGREEMENT ON
TARIFFS AND TRADE

Committee on Subsidies and
Countervailing Measures

MINUTES OF THE MEETING HELD ON
25 APRIL 1985

Chairman: Mr. J.Y. Sun (Korea)


2. The Committee elected Mr. J.Y. Sun (Korea) as Chairman and re-elected Mr. F. Laschinger (Canada) as Vice-Chairman. Several delegations expressed their appreciation for the excellent work of the outgoing officers, Messrs. Puri and Laschinger. Their efforts had greatly contributed to the furtherance of the objectives of the Code.

3. The Chairman said that the agenda for this meeting had been circulated in the Airgram convening the meeting (GATT/AIR/2133). The Committee adopted the following agenda:

A. Adherence of further countries to the Agreement (SCM/61, 62, 63)

B. Examination of national legislation and implementing regulations (SCM/1 and Addenda)
   (i) Legislation of the EEC (SCM/1/Add.1/Suppl.3)
   (ii) Legislation of Canada (SCM/1/Add.6/Rev.1)
   (iii) Legislation of the United States (SCM/1/Add.3/Rev.1 and Corr.1)
   (iv) Other legislation

C. Notification of Subsidies
   (i) Follow-up of the last review of notifications (SCM/M/24)
   (ii) Up-dating of full notifications (L/5768)

D. Semi-annual reports of countervailing duty actions taken within the period 1 July 1984–31 December 1984 (SCM/59 and Addenda)

E. Reports on all preliminary or final countervailing duty actions (SCM/W/82 and 88)

F. Report of the Group of Experts on the calculation of the amount of a subsidy (SCM/W/83)
G. Report of the Chairman on his consultations regarding Article 14:5 and on the first special meeting of the Committee (19 March 1985) held in pursuance of the decision of the CONTRACTING PARTIES of 30 November 1984 (L/5756, SCM/W/86/Rev.2, SCM/M/26)

H. Uniform interpretation and effective application of the Agreement (SCM/53 and 56)

I. Other business


A. Adherence of further countries to the Agreement (SCM/61, 62, 63)

4. The Chairman recalled that since the last regular session of the Committee (1-2 November 1984) Turkey, Indonesia and the Philippines had adhered to the Agreement:

(a) Turkey accepted the Agreement on 1 February 1985 and it entered into force for it on 3 March 1985. Turkey had made a declaration, pursuant to Article 14:5, which had been circulated in SCM/61. This declaration was before the Committee. The Committee took note of the Turkish declaration.

(b) Indonesia accepted the Agreement on 4 March 1985 and it entered into force for it on 3 April 1985. The Indonesian acceptance was accompanied by a declaration, made pursuant to Article 14:5 and circulated to the Committee in SCM/62. The Committee took note of the Indonesian declaration.

(c) The Philippines accepted the Agreement on 15 March 1985 and it entered into force for it on 19 April 1985. The acceptance of the Agreement by the Philippines was accompanied by a declaration, made in pursuance of Article 14:5 and circulated to the Committee in SCM/63. The Committee took note of the Philippines' declaration.

5. The representatives of Turkey, Indonesia and the Philippines expressed their satisfaction for participating in the Committee as signatories and looked forward to collaborating in the furtherance of the objectives of the Agreement. The representative of Indonesia indicated that her country's notification of subsidies would be submitted shortly.

6. Several delegations welcomed the new signatories and extended words of appreciation for their accession to the Code. The positive effect of enlarging the number of signatories to the Code was also recalled.

B. Examination of national legislation and implementing regulations (SCM/1 and Addenda)

1. Legislation of the EEC (SCM/1/Add.1/Supp1.3)

7. The Chairman recalled that at its previous meeting (1-2 November 1984) the Committee had had a preliminary discussion of the EEC legislation. At
that time some delegations had said that they might wish to revert to this legislation once their authorities had completed their review.

There were no requests for the floor.

(ii) Legislation of Canada (SCM/1/Add.6/Rev.1)

8. The representative of the EEC referred to two definitions in the Canadian Special Imports Measures Act: the term "subsidized goods" and the term "subsidy". The former included any goods in which, or in the production, manufacturing, growth, processing or the like of which, subsidized goods were incorporated, consumed, used or otherwise employed. This definition encompassed so-called upstream subsidies and could be used to countervail against goods which were neither directly nor indirectly subsidized, a practice not in conformity with the Agreement. As to the latter definition, a subsidy was defined as any financial or other commercial benefit resulting from any scheme, programme, practice, or thing done, provided or implemented by a foreign government. Under the Code there could not be a subsidy unless there was a financial contribution made by a government. He noted, however, that there was no reference to these definitions in the Canadian implementing regulations. He asked for a clarification on the intentions behind these definitions.

9. The representative of Sweden, speaking on behalf of the Nordic Countries, echoed the first point raised by the previous delegation. He then mentioned that in Section 2 of the Canadian legislation the term "definition of sale" included agreement to sale and irrevocable tenders, which represented a unilateral interpretation which his delegation was not yet prepared to subscribe. The "joining of investigations" in Section 97 could lead to cumulation of inputs in respect of an injury determination. The Nordic Countries were concerned that this would lead the Canadian Anti-Dumping Tribunal to assess injury cumulatively, much against the original aim of using cumulation only in special circumstances. He was hopeful that the authorities would counter any trend towards an increase in the number of cumulation cases.

10. The representatives of Japan and Yugoslavia shared the concerns of the previous delegations and expressed confidence in obtaining an adequate solution.

11. The representative of Canada noted that the Canadian legislation was far-reaching and that these definitions had to be refined by the Group of Experts and the Committee. He recalled that his delegation had submitted some working papers attempting to get agreement on definitions which would restrain the scope of subsidies. Canada would act consistently with the decisions taken by the Committee to expand and elaborate these notions. He was hopeful that comments made by previous speakers would stimulate further the work of the Group of Experts. He finally recalled that in the past his delegation had incorporated the suggestions made regarding the deletion of a certain price mechanism.

12. The Committee agreed to revert to this agenda item at the next meeting of the Committee.
(iii) Legislation of the United States (SCM/1/Add.3/Rev.1 and Corr.1)

13. The Chairman said that as members of the Committee were aware, the US Trade and Tariff Act of 1984 had introduced a number of amendments regarding the US countervailing duty law. The US delegation had prepared a consolidated version of the countervailing duty law which had been circulated to the Committee in SCM/1/Add.3/Rev.1 and Corr.1.

14. The representative of the EEC reiterated the concern of his delegation on the "Definition of Industry" in the US Trade and Tariff Act of 1984. He recalled that unlike the pertinent provision in the US law of 1979, the new definition was not in conformity with Article 6:5 of the Code. He further referred to the history which had led to this amendment: the US grape growers had filed a complaint against imports of EEC table wine which the ITC had rejected because it considered that the grape growers were not an industry which was injured by wine imports; wine and grapes were not like products. Subsequently, the US Congress had amended the definition in order to include grape growers in the industry concerned by wine imports. The EEC considered this to be a deliberate departure from firmly established Code rules. Moreover, the position of his delegation as stated in previous meetings remained unchanged. He finally recalled that upon request by the EEC the Committee had determined to establish a panel at its meeting of 15 February 1985 (SCM/M/25). As regards the other provisions in the US legislation, the representative of the EEC expressed his concern over the consequences of making upstream subsidies countervailable. He would have preferred if the US had followed the Canadian approach of waiting for the Group of Experts and the Committee to decide on this matter.

15. The representative of Brazil said that the new Act seemed to broaden the circumstances under which countervailing duties could be imposed upon imports benefiting from the so-called upstream subsidies. While expressing concern with respect to the inclusion of the concept of "cumulation" in the new legislation, there were also indications that certain provisions might help US industries to obtain a more expeditious consideration of their petitions and that there might be an increase in the use of countervailing actions. His delegation wished to reserve its right to revert to the US legislation at a future meeting.

16. The representative of Sweden, speaking on behalf of the Nordic countries shared the concerns of the EEC on the questions of definition of industry and upstream subsidies. He also noted that Section 612(a)(2)(A) of the US legislation made it obligatory for the ITC to "assess cumulatively the volume and effect of imports from two or more countries of like products subject to investigation". His delegation was particularly concerned with the term "subject to investigation" because it was not clear whether the US intended to cumulate imports in cases where duties had already been applied with imports still under investigation. Such a procedure was inappropriate since once countervailing duties were applied, the injurious effect of a case was eliminated. Moreover, the language of the provision was also unclear for it was not certain whether imports in countervailing and anti-dumping cases were to be cumulated. The Nordic countries were consequently seriously concerned with this provision and expected that future application of the law would rectify this situation. They reserved their position on the conformity of this regulation with the Code. The speaker then referred to Section 606 of the US legislation whereby "if an anti-dumping and countervailing case had been initiated simultaneously, involving the same kind of merchandise from
the same or other countries, the administering authority, if requested by the petitioner, shall extend the date of final determination "in order to parallel the longer time period under an anti-dumping investigation. He indicated that the extension of the date would lead to a frivolous recourse to this provision by the petitioners, and that the opportunity to obtain an extension contrasted with the very short time limits that foreigners had to comply with when responding to countervailing duty questionnaires. As to Section 602(a) on the initiation of an investigation based on the likelihood of sale, he did not share the view that for instance an irrevocable tender constituted an appropriate basis for an initiation. On this point, he also hoped that future regulations would reflect the concern of his delegation. The speaker finally asked for a clarification of Section 607(2) as its application in the case of state-owned enterprises and only in the context of countervailing duty cases was not clear to him.

17. The representative of the United States stated that the provision dealing with the question of cumulation of injury, which was not unique to the United States, had still to be interpreted by the ITC and that he was confident that both the statute and its interpretation would be consistent with the Code. As to the question of "extension of time limits", the US representative did not see that this provision could benefit domestic producers or that it could produce unfair results. Instead, it would result in a reduction of the burden to all parties, foreign and domestic. He added that in most cases it would also prove possible to extend the deadlines applying to foreign respondents. Passing on to the point on irrevocable tenders in the concept of definition of sale, he explained that it had always been the intention of his authorities to accept the decisions agreed by the Group of Experts and the Committee. He finally addressed the question on the clarification of Section 607(2) and explained that countervailing duty determinations would apply at the same rate with respect to all exporters from a country under investigation except when a state-owned enterprise was involved, but this did not imply that there was an automatic presumption of a uniform country wide rate. He finally hoped that in the implementation of this provision, which his authorities were working on, there would be a further expansion of this topic. His delegation would circulate the regulations subsequently and respond to further questions either bilaterally, or in the Committee.

18. The representative of Australia noted that US the legislation gave a wide discretion to the administering authority in handling upstream subsidies. Australia would be interested in participating in any discussions on these matters.

19. The representative of India wished to reserve the rights of his delegation with respect to the conformity with the Code of those provisions dealing with upstream subsidies, definition of industry and cumulation of injury. He pointed out that while the US provision on cumulation of injury was not unique to the United States, the new US legislation made it obligatory on the ITC to apply the cumulation principle.

20. The Chairman noted that the points raised in connection with the wine-grape dispute were being discussed elsewhere (under "Other Business") and that the Committee would revert to this item at the next meeting.
(iv) Other legislation  

(a) New Zealand (SCM/1/Add.15/Rev.1)

21. The Chairman recalled that at the last regular session of the Committee, certain delegations had expressed their wish to peruse the New Zealand customs instructions before taking a definite view on the New Zealand legislation. Since the New Zealand representative had only recently circulated these instructions, he wanted to know if the Committee had had enough time to peruse these instructions of if it was preferable to postpone consideration of this matter until the next session of the Committee.

22. The representative of New Zealand said that in finalizing the instructions his authorities had regard to a number of comments that had been received informally by his delegation. He also pointed out that these were only instructions and did not replace the Code itself and its provisions.

23. The representative of the EEC referred to paragraph 958.523 in the customs instructions on retroactivity and said that it was much broader than Article 5:9. The instructions permitted retroactive action when the importations were "substantial" whereas the Code was much more specific and required special circumstances. His fear was that by simply making reference to "substantial" imports it might be possible to impose retroactively countervailing duties in almost every case; the term "substantial" was very vague.

24. The representative of New Zealand said that perhaps in seeking brevity something was lost by way of precision. Although the term "substantial" was vague it did not indicate any intent to act in contradiction with the Code itself. He further reiterated that the provisions of the Code were paramount and that he would draw the attention of his authorities to the concern of the EEC.

25. The representative of the EEC referred to the recent withdrawal of the reservation by New Zealand (SCM/12/Add.1) and asked if the assistance programmes listed in the reservation were still in operation. If the answer was affirmative, he would be interested to know if the programmes were scheduled to be modified or discontinued.

26. The representative of New Zealand stated that, after a number of bilateral consultations, his delegation had come to the conclusion that the reservation could not be extended. New Zealand had also assessed the question of compatibility with the Code, coming to the conclusion that his country was indeed in substantial conformity with it. To be specific, most of those schemes that were part of the reservation had either been terminated on 31 March 1985 or earlier, except for three remaining schemes. The first one was the export market development taxation incentive (EMDTI) which New Zealand believed in hindsight need not have been included in the reservation because it was a similar scheme to the Export Performance Taxation Incentive (EPTI) and fell within paragraph (e) of the Illustrative List and was also subject to footnote 2. As members of this Committee knew, footnote 2 provided that when a signatory was facing major practical difficulties in relation to a particular assistance scheme, it should bring it within conformity within a reasonable period of time. He would contend
that New Zealand's performance in bringing its schemes within the Code's criteria was justified. At the last meeting of the Committee he had gone into some detail as to the difficulties facing the New Zealand economy and indicated that the general thrust was to remove assistance of all forms. However, he would also make the point that the failure of the Code to effectively control or to allow any effective control over agricultural export subsidies had had an adverse impact on his country's economy. His delegation therefore believed that as far as the EMDTI was concerned, New Zealand was in conformity with the Code. The second scheme provided for an exemption from sales tax for machinery, machine tools and appliances and other goods peculiar to use in manufacturing or for industrial purposes, a scheme which was not in itself contrary to the Code. While it dealt with machinery for exports, it was basically an indirect tax and again in hindsight it was his feeling that while it should have been notified, it should not have been included in the New Zealand reservation. The third scheme was the "Export suspensory loan scheme" (ESLS) which remained in force and was the subject of examination by his authorities. He could not elaborate on what would happen to it and could not give any commitment regarding any scheme which was the subject of government review. He confirmed that the New Zealand authorities had agreed that the existing calendar for the phase-out of export incentive schemes was to be maintained. Subsidies that were in New Zealand's reservation, and still in place, were covered by its notification and no export subsidy schemes had been introduced since the submission of the notification. The notification itself would be updated and circulated very shortly by his authorities.

27. The Chairman said that the Committee should take note of points raised and the subject would be discussed again at subsequent meetings of the Committee.

(b) Chile

28. The Chairman recalled that at the last regular session of the Committee, while discussing the semi-annual report submitted by Chile, several delegations had expressed their concern regarding the application of measures taken as a result of countervailing duty investigations on an m.f.n. basis. The representative of Chile had been requested to convey this concern to his authorities and the Committee agreed to revert to this matter at its next meeting (SCM/M/21), paragraph 32-37). It seemed to be more appropriate to discuss this matter, because of its general nature, under this item rather than under the heading semi-annual reports.

29. The representative of Chile stated that since the last meeting of the Committee, Chile had increased its custom duty to 35 per cent to be reduced subsequently to 30 per cent for all countries. Chile was willing to discuss these matters bilaterally.

30. The Chairman said that interested delegations could raise questions at a future stage but that for the time being the discussion on this sub-item was closed. The more general item "other legislation" would be maintained on the agenda in order to allow the parties to revert to particular aspects of some legislations at a later stage or in the light of the actual implementation of legislations.
C. Notification of subsidies

(i) Follow up of the last notification review (4-5 December 1984)

31. The Chairman said that like his predecessors, he would attach great importance to the question of transparency and adequacy of notifications. He believed that this reflected very well the prevailing feeling of the Committee. The Committee should therefore pursue this matter as long as necessary to ensure that notifications corresponded to legitimate expectations of signatories to the Subsidies Code. Delegations were invited to proceed with pending questions which had been reproduced, in a very detailed manner, in the minutes of the December 1984 meeting (SCM/M/24).

(a) Australia

32. The Chairman asked whether the representative of Australia or any other delegation had something to add to paragraphs 4-6 in SCM/M/24. The representative of Australia said he had nothing substantive to add except that his country's notification was being revised and that it would be circulated shortly.

(b) Austria

33. The Chairman recalled that the representative of Austria had agreed to give a more detailed explanation, in the present meeting, to certain questions (SCM/M/24, paragraph 7).

34. The representative of Austria stated that since a detailed reply to all questions raised was being sent to the secretariat, he would only address certain points. He would start by saying that some of the programmes mentioned in the questions did not involve any form of subsidization and that none required a notification. On more specific points such as the question regarding the "Export Sales Reserve Programme" (SCM/M/24 paragraph 7(i)), this programme was to be seen as equivalent to a once and for all devaluation of foreign debts which took into account increased risks connected with such foreign debts. The actual payment of these debts was taken into account as a basis for assessment of taxes on income and profit. Consequently, the provision which was an income tax provision could not be considered to be a subsidy. As to the "Agreement on cheese" (SCM/M/24, paragraph 7(ii)), it had been concluded with the EEC with a view to stabilizing exports and imports of certain cheeses on the level of traditional trade flows and prices. The above-mentioned Agreement was to end on 31 December 1985 and did not involve the fixing of minimum prices. He then referred to the "subsidy for tobacco production" (SCM/M/24, paragraph 7(iii)(b)) and noted that his country had always been a tobacco importer, that domestic tobacco production accounted for 3% of all tobacco used and that the programme should not be considered as containing any subsidy. Moreover, the Austrian tobacco monopoly operated in conformity with Article XVII of GATT and was outside the scope of this Code. He further referred to the "Export credit card and/or Guarantee" programmes (SCM/M/24, paragraph 8) which was in conformity with the OECD consensus. Finally, since the question of whether programmes in conformity with the OECD Consensus required a notification was not yet solved he did not feel it was necessary to submit one for this programme.
(c) Brazil

35. The Chairman noted that at the last meeting the representative of Brazil had given a very detailed explanation concerning subsidies granted by his Government and that the only remaining point was whether or not certain measures should be included in the Brazilian notification. The representative of Brazil told the Committee that he had no comments to make except that these matters could be taken up bilaterally if the need arose. The Chairman proposed to revert to this matter once the Committee had received the forthcoming Brazilian notification under Article XVI:1.

(d) Canada

36. The Chairman wondered whether delegations had something to add to what was said at the last meeting (SCM/M/24, paragraphs 14-15). The representative of Canada said that in line 4 of paragraph 15 (page 6 of SCM/M/24), the name of the "the Department of Regional Economic Expansion" had been changed to the "Department of Regional Industrial Expansion".

(e) Egypt

37. The Chairman said that Egypt was the only signatory which had not submitted its Article XVI:1 notification in 1984. The representative of Egypt recognized this situation and said that as soon as the relevant information had arrived from his capital he would send it to the Committee.

(f) India

38. The Chairman indicated that the representative of India had promised to supply further information concerning the "Pre-shipment Export Loans" and the "Kandla Free Trade Zone" (SCM/M/24, paragraph 23).

39. The representative of India stated that he was also in a position to provide information on the questions which were intended for India but incorrectly addressed to Pakistan of the last meeting, as indicated in paragraph 32 of SCM/M/24. He pointed out that the so-called "Cash Compensatory Rebate Programme" was in fact the "Cash Compensatory Support Scheme" and that it had been notified. For the "Pre-shipment Export Loans", the Reserve Bank of India provided an interest rate subsidy of 1.5 per cent when discounting loans made to exporters for packing credit for a maximum period of 180 days. The incidence of this subsidy of interest, provided commercially by the Bank, not from Government funds, worked out to approximately 0.75 per cent, which was de minimis in character and hence not notifiable. Normally, commercial banks were unable to provide packing credit to all borrowers, and for the most part, did not meet the requirements of borrowers in full. This item was not therefore notified as India did not regard this to be a subsidy in terms of paragraph (k) of the Illustrative List of export subsidies. The "Kandla Free Trade Zone" received certain benefits provided by the Government of India to economically remote areas of the country to promote industrialization and to compensate for locational disadvantages. It was therefore a very broad economic programme unrelated to export subsidy practices. The representative of India then said that the "Excise Tax and Sales Tax Rebates on Exports" were not deemed to be a subsidy in terms of the Note to Article XVI, hence the question of notification did
not arise. As to the "Customs Duty Rebate", he stated that a duty drawback not in excess of the actual duty paid was only given for items physically incorporated in the exported product. The question on "Export Financing", which was not very clear, had already been addressed under the question on "Pre-shipment Export Loans". "Export Credit Insurance" was provided by the Export Credit Guarantee Corporation of India and was not a subsidy, as the ECGC did not receive funds from the Government of India. It was a commercial organization which charged rates sufficient to cover its long-term operating costs; a notification was therefore not necessary.

(g) Japan

40. The Chairman asked whether delegations had something to add on this point. The representative of Japan said that a "Tobacco Price Support Scheme" did not exist in his country. If the US delegation wanted information on a tobacco programme, he could only think of the "Tobacco Monopoly Corporation" whose purpose it was to improve the productivity of the tobacco leaves by means of machinery and other means. This corporation had recently become a private enterprise completely independent from the government. His authorities did not consider it appropriate to notify such a programme since it was not within the scope of Article XVI:1.

41. The representative of Chile said that although it might not be the appropriate time to raise this issue, he would contest the practice of certain signatories such as Japan, Norway, the EEC (SCM/M/24) of not notifying export credit programmes in conformity with the OECD Consensus. In his view these programmes were to be notified as they were subject to countervailing duties. Paragraph (k) of the Illustrative List was very clear on this point.

42. The representative of Japan shared the opinion of the representative of Austria (paragraph 34 supra) on the question of notification of programmes consistent with the OECD Consensus; these programmes need not be notified.

43. The representative of Canada said that such programmes, whether de minimis or consistent with OECD Consensus, should be notified for the information of the Committee. The representative of the United States was of the same view.

44. The representative of Spain said that the letter of paragraph (k) of the Illustrative List was very clear and that in its second part it was stated that such practices were not to be considered as subsidies nor the subject of a notification. The representatives of the EEC and Portugal expressed the same opinion.

45. The representative of Chile said that his delegation reserved its right to apply countervailing duties, where applicable, as these programmes were considered as subsidies.

(h) Korea

46. The representative of Korea said that a detailed response to questions in SCM/M/24, paragraph 26 would be circulated to the Committee in the near future. As to item (c) "Masan Free Export Zone", it dealt with investment law controls and therefore it should be subsumed under (d) "Foreign Capital Inducement Law".
47. The representative of the United States took note of the previous point. He stated in particular that his authorities had recently obtained information concerning export credits on certain drilling platforms from Korea that might well be below those permitted by the OECD Consensus. This was a matter of concern to his delegation, which had been discussed bilaterally, and which could be considered by Korea for appropriate notification.

(i) New Zealand

48. The Chairman said that the questions put to New Zealand were reproduced in paragraph 28 and the answers in paragraph 29 of SCM/M/24. He also recalled that some delegations had requested New Zealand to notify its subsidy measures in the agriculture sector.

49. The representative of New Zealand said that since paragraph 29 (SCM/M/24) adequately reflected the responses of his delegation, he had nothing to add. However, for the information of the Committee, he would mention that it was the intention of his authorities to introduce a VAT-style tax on goods and services in early 1986, with the concomitant effect that tax exemptions such as that described in paragraph 26 supra would cease to exist. He reiterated that his Government would submit a revised notification where the question on agriculture would be properly addressed. He would nevertheless note that the problem here was that because of the policies of the new Government, most of its assistance programmes such as the "Fertilizer Transport Subsidy" and others relating to irrigation and water supply had been terminated.

(j) Norway

50. No comments on the sub-item.

(k) Pakistan

51. The representative of Pakistan referred to the corrected set of questions addressed to his delegation (SCM/M/24, paragraph 32, footnote 1). As to points (b) and (c) therein, he would reply at the next meeting for his authorities were still conducting intra-Ministerial consultations on this matter. As to point (a) on compensatory rebates on exports of textiles, it was a programme intended to offset indirect taxes and other levies on inputs physically incorporated in the commodity concerned. The programme was to be modified to reflect the amount of indirect taxes and similar levies on inputs physically incorporated. As to point (d) on support prices for certain agriculture products, he mentioned that these prices were announced by the government to ensure a minimum return to growers and consequently did not include any element of subsidy.

(l) Spain

52. The Chairman recalled that Spain had promised to reply at the present meeting to certain questions, in particular to those raised by Canada (SCM/M/24, paragraph 37).

53. The representative of Spain pointed out that his delegation had replied to the US questions on the tax-rebate system (Desgravacion Fiscal) in document L/5768/Add.4 which had recently been circulated. As to the Canadian
questions on the steel programme (Decree 669/74 and the Royal Decrees 60/78 and 878/81), he had received a preliminary reply from his capital. His authorities were surprised to receive the Canadian questions as the above-mentioned Decrees were in fact outline legislation for the reconversion of the Spanish steel industry, which needed certain assistance to modernize plant and equipment. It was evident that the outline legislation aimed at promoting this industry through credit and other measures and not at fostering exports nor limiting imports. Some of these laws were then only models which were not to be applied; a good example of the latter was the case of the establishment of minimum prices above which an anti-dumping complaint could be filed.

(m) Sweden, Switzerland, the United States

54. No comments on these sub-items.

(n) Yugoslavia

55. The representative of Yugoslavia reminded the Committee that her country had submitted three additional notifications since the last meeting, circulated in documents L/5603/Add.19/Suppl.1 and 2, and in L/5768/Add.1.

(o) EEC

56. The Chairman noted that at the previous meeting a number of questions had been put to the EEC and its member States, and that the EEC delegation had indicated that these questions were being examined in capitals and that replies would be furnished in due course (SCM/M/24, paragraph 55).

57. The representative of the EEC reiterated that the programmes of assistance to key industries such as steel, textiles and shipbuilding had been duly notified and that his authorities had made a great effort to improve notifications. He further stressed the subjective nature of this exercise for there was not agreement on what would be the subject of a notification. He stressed that his responses to the US questions did not imply that certain EEC practices fell within the purview of Article XVI:1. He then referred to certain general questions addressed to the EEC as a whole (SCM/M/24, paragraph 49). As to the question (i) on "interest rate subsidies and loans", he stated that the EEC normally provided loans at commercial rates plus a mark-up to cover its costs. Thus, industrial investment loans granted under Article 54 of the ECSC Treaty carried an interest rate which included the cost to the ECSC for borrowing the funds for such loans on international markets plus an additional amount to cover the cost to the ECSC of borrowing, relending and otherwise servicing the loans. These loans did not, therefore, involve a charge on the public account. Since such a charge was an indispensable prerequisite for any subsidy under the terms of the Code, these loans did not constitute a subsidy. Under certain conditions, however, borrowers were eligible to receive relief. Such soft loans were only given for specific purposes like safety and hygiene or as reconversion loans for investment contributing to the restructuring of the steel industry and specifically reducing its capacity or ensuring the rehabilitation of redundant workers. They were also provided to public authorities for workers' housing. They did not, therefore, adversely affect the conditions of normal competition and thus did not fulfil an essential criterion of any
subsidy within the meaning of the Code. Moreover, any interest relief was financed out of the funds obtained from the levy which was paid by the steel industry itself and did not, therefore, involve a charge on the public account. As to question (ii) relating to "inward processing programmes for EEC rice processors", he noted that this was a practice utilized by a number of countries which permitted the import of rice free of levy when it was to be exported later in a processed form; the product did not enter the customs territory of the EEC, had a world price value and did not contain any element to make it a subsidy. Moreover, no signatory had ever notified a practice of this kind. Concerning questions (v) and (vi), contrary to the US view, the EEC had already answered these questions. It would be recalled that there was some confusion regarding these and other questions and that his delegation had asked the US for a clarification, which he had never received. On question (vii) relating to the "abandonment premiums for wine", he said that the system had been changed and premiums suppressed. When a viticulturist accepted to abandon his activity forever, he was entitled to receive a premium varying from 1000 to 3000 ECU depending on soil characteristics and other elements. This programme was not a subsidy to wine production but rather an incentive to cease production. He then referred to question (viii) on the bovine sector. Suckler premiums were paid at a rate of 15 ECU per annum if the milk was not commercialized; this was on account of a problem of overproduction of milk. The premium on account of slaughter was 75 ECU per adult cattle and 13 ECU for calves. However, for the present year, the Commission had not asked for an extension of these two premiums. He finally expressed his surprise on the matter of the US questions since the answers to some of these questions were well-known to the US authorities.

58. The representative of the EEC then referred to the questions regarding Belgium. On question (i) on "Economic Expansion", he stated that member States were subject to EEC disciplines under Articles 92 to 94 of the Treaty of Rome and that the first act had in any case been repealed. Regarding the questions on the "Steel Plan" he said that aid to the steel industry was granted in accordance with Community rules and that the EEC had submitted a notification on this matter (L/5603/Add.15/Supplement 1). As regards question (iii), "the export assistance programme" (Office National du Ducroire) member countries' official export credit arrangements were regularly reviewed in connection, inter alia, with the OECD Consensus. Since this programme was in conformity with the OECD Consensus, there was no subsidy in terms of the Code. On question (iv), the "refunding of retraining costs by the National Employment Office" it was a domestic measure for the promotion of social and economic policy objectives within the meaning of Article 11 of the Code, and as such, this scheme was not a subsidy in terms of Article XVI. Finally, regarding question (v) on "Assistance for vocational retraining under Article 56 of the ECSC Treaty", it took the form of full or partial repayment of the costs of vocational retraining courses for workers made redundant as a result of the closure of certain mines or steelworks, or the reduction or alteration of their activities (Articles 11 of the Code).

59. The representative of the EEC addressed the US question on the "Investment Premium Act" in the Federal Republic of Germany. He told the Committee that paragraphs 1-3 of the "Investment Allowance Act" of 26 June 1980 did not make provision for specific firms or sectors, but applied to industry in general. Measures based on these paragraphs, in terms
of the definition regularly used by the United States itself, were accordingly not subsidies. Assistance granted under the provisions in question was in any case used solely to compensate for the handicaps associated with structurally disadvantaged regions. Such measures caused no distortion of trade, and did not increase exports either directly or indirect. They were therefore not notifiable under Article XVI of GATT.

60. The representative of the EEC referred also to the US questions concerning France. As to the "Regional Development Incentives" he stated that aid given by DATAR, social protection agreements and research and development incentives did not influence commercial transactions or the conditions of competition. On question (iv) on the "Special Fund for Industrial Adaptation" it had ceased operation in 1981. On question (v), on "export financing" the French Insurance Company for Foreign Trade (COFACE) and the French Bank for Foreign Trade (BFCE) did not subsidize exports: COFACE acted as an insurance body and the BFCE as a bank subject to conditions of international competition. Finally, on the "Steel Rescue Plan", he said that aid to the steel industry was granted in accordance with Community rules, and GATT had been duly informed in L/5603/Add.15/Suppl.1.

61. The representative of the EEC replied to the US questions on Italy. On question (i) regarding the granting of subsidies he said that Law No. 639 of 5 July 1964, published in the Italian Official Journal No. 191 of 5 August 1964, concerned the refund of customs duties and indirect domestic taxes other than sales tax (now replaced by Value Added Tax) on exports of certain industrial products, chiefly pig iron, iron and steel products. Since the refunds conformed to Article VI:4 of GATT it had not been considered necessary to notify the Committee of the law in question. He would point out that in the course of the many anti-subsidy proceedings initiated by the United States, the Italian authorities had never failed to supply all the information requested. Moreover, for reasons of convenience, refunds under Law No.639 were set at standard rates based on weighted averages, and had remained unchanged since 1964. The decline in the value of the lira since then meant that refunds had fallen short of the amount of duty and tax repayable. As to question (ii) on the regional development programme for "Southern Italy" he stated that the Cassa per il Mezzogiorno had been put into liquidation by Decree Law No. 581 of 18 September 1984, published in the Official Journal No. 258 of 19 September 1984 and converted into Law No. 775 of 17 November 1984 (official journal No. 317 of 17 November 1984). Pending a new arrangement for special support operations in the Mezzogiorno, the receiver was responsible for day-to-day management and the administration of measures already approved. Earlier provisions had been brought together and consolidated in Presidential Decree No. 218 of 6 March 1978 on measures for the Mezzogiorno, as amended. This was an extremely wide-ranging and complex piece of legislation designed to coordinate action in many different economic and social fields with the aim of bridging the development gap between the Mezzogiorno and the rest of the country. In any case, the existing law made no provision for direct or indirect aid for exports.

62. The representative of the EEC further addressed the US questions concerning the United Kingdom. Regarding question (i)(a) on "Regional Development Grants" he indicated that member States were subject to EEC discipline under Articles 92 to 94 of the Treaty of Rome. The EEC did not
consider that regional aid was sufficiently specific to meet the criterion of Article XVI:1. On question (i)(b) he recalled that "Interest Relief Grants" were not sector specific, and that this type of assistance was no longer offered, although some payments had still to be made. As to the question (i)(c) on subsidies provided by the "Iron and Steel Industry Training Board" he noted that in no way was aid for training, which was partly funded by the industry itself, a subsidy. It was noted that in the stainless steel countervailing duty case against the British Steel Corporation the US investigations had assessed the extent of the programme at no more than 0.01 per cent ad valorem. Regarding question (ii) on a "deficiency payment for sheepmeat" he said that the United Kingdom itself had had no national deficiency payments for sheepmeat since the introduction of the EEC sheepmeat regime in October 1980. The mention of 1 October 1984 was therefore not understood. Finally, on question (iv) concerning "grants for apple and pear producers", he confirmed that an additional £5m had been made available for the 5 years to 1987/88 specifically for the replacement of old apple and pear orchards whose varieties were no longer of commercial types. It was not therefore a trade subsidy and its effect on exports and imports was extremely marginal.

63. The representative of the EEC reiterated that for the above-mentioned programmes, there was total transparency as they emanated from laws appearing in the pertinent official journals.

64. The representative of the United States said that his delegation viewed the notification obligation as a very serious matter and that questions had been asked not because his authorities were unaware of a particular document in an official journal or of a questionnaire involving a subsidy investigation; questions had been asked so that notifications could be complete; his own delegation had received questions from other signatories in the same spirit. Although he appreciated the responses offered he found them somewhat lacking; there were programmes which had the effect of increasing exports or decreasing imports and thus had been subjected to countervailing duty actions. Every signatory had the obligation to provide information on the programmes maintained. He thought it was probably best not to repeat questions which had not been answered but to prepare additional comments for the next notifications exercise; these comments would seek information for the benefit of the whole Committee. He would ask the EEC to consider questions which had been answered incompletely or not at all as well as other programmes which may be suitable to be notified. He was thinking of the cash input provided for projects such as the Airbus which his delegation would like to see in a future notification.

65. The representative of the EEC said that from the very beginning of the notification exercise it was clear that certain signatories had refrained from notifying certain programmes. This was also the case of the US delegation which had not notified a massive and direct export subsidy programme such as the DISC. As to the reference to the Airbus, he had taken note of the US question and would be interested to know if the US would notify all R/D programmes and the technological spin off from NASA programmes on to the civil aircraft industry. He reiterated his point on the subjectivity problem which related to all notifications, stressing that his delegation considered the present exercise as a very serious matter. Finally, he recalled the existence of possibilities for reverse notifications under Article 7 of the Code.
66. The representative of Canada said that he had sensed in the US comments a certain criticism of the seriousness with which delegations were taking the notification exercise. He would think that Canada and the EEC had taken this matter very seriously. It was also not correct to say that the DISC had not been notified as his delegation had submitted a reverse notification on it. It was also recognizable that the EEC and its member States constituted a complex organization, and that the EEC was at the beginning of a difficult process. He would therefore encourage the EEC to continue supplying information. Finally, he recalled that reverse notifications were a useful instrument when signatories did not want to notify.

67. The Chairman noted that delegates had replied to many of the pending questions. It seemed that, as it was already the case with national legislation, signatories should have an opportunity to revert to notifications of subsidies at a later stage or in the light of up-dating notifications. For these reasons, he would propose that at every autumn session of the Committee an item would be included in the Agenda to examine the situation in the field of notifications. Of course every three years, i.e. after new and full notifications had been submitted, the Committee should have a detailed examination of those notifications.

(ii) Up-dating of notifications

68. The Chairman also stated that in order to facilitate the discussion under this agenda item, the secretariat would, before every autumn session, circulate a short report on the status of notifications. In this connection he noted that in 1985 signatories should submit notifications up-dating their full notifications of 1984. So far only four signatories had up-dated their notifications (Yugoslavia, Hong Kong, Chile and Spain). The secretariat had also received a full notification from Portugal. However, signatories should not neglect the obligation to bring their full notifications up to date in the intervening years. He was therefore strongly appealing to delegations to comply with this obligation. He hoped in particular that countries which recently joined the Code (Turkey, Indonesia and the Philippines) would promptly submit their Article XVI:1 notifications.

Improvement of Notifications

69. The Chairman recalled that the Committee had had a detailed discussion of this question at the meeting of 4 December 1984. The Committee had authorized the Chairman to establish a small group of experts composed of representatives who had made or would make comments on issues listed in SCM/49. This group should work out a set of draft guidelines on notifications and would submit it to the Committee for consideration at its October 1985 meeting (SCM/M/24, paragraph 65). Following this decision, he would like to invite representatives of Canada, the EEC, the Nordic countries and the United States to nominate their experts. Despite the fact that only these countries had made written comments on SCM/49, any other signatory who so wished was also invited to nominate his expert. This small group of experts would hold its meeting as soon as possible, probably early next month.
D. Semi-annual reports of countervailing duty actions taken within the period 1 July 1984-31 December 1984 (SCM/59 and Addenda)

70. The Chairman said that an invitation to submit semi-annual reports under Article 2:16 of the Agreement had been circulated in SCM/59 of 18 January 1985. Responses to this request had been issued in Addenda to this document. The following signatories had notified the Committee that they had not taken any countervailing duty action during the period in question: Austria, Brazil, EEC, Egypt, Finland, India, Japan, Korea, New Zealand, Norway, Pakistan, Portugal, Spain, Sweden, Switzerland, United Kingdom on behalf of Hong Kong, Uruguay and Yugoslavia (SCM/59/Add.1). Countervailing duty actions had been notified by Australia, Canada, Chile and the United States. The Committee would discuss these reports in the order in which they had been submitted.

Australia (SCM/59/Add.2)

71. The representative of the United States noted that in columns 4 and 6 of the Australian report, there was no indication of the amount of the provisional measure; in the Anti-Dumping Committee it had become customary to mention the size of the provisional and final duties and degree of finding, where undertakings were involved. He would urge Australia, Canada and other delegations to include this fact in future notifications. The representative of the United States then referred to the Appendix and asked which of the measures therein listed applied to countervailing duty cases. The representative of Australia said that as the Appendix included anti-dumping and countervailing duty cases, his delegation would issue a revised notification.

Chile (SCM/59/Add3)

72. The representative of Canada asked about the meaning of the word "no" under column 4 of the Chilean notification; was it that a provisional finding had not been reached, or that no provisional duties were being imposed and that only final duties would be levied? The representative of Chile said that the first interpretation was correct.

United States (SCM/59/Add.4)

73. The representative of Australia referred to page 11 of the US report and asked if the dates on the 7th and 8th lines for "Butter" and "Sugar" were correct. The representative of the United States responded affirmatively. The representative of Canada referred to the case concerning "live swine and fresh, chilled and frozen pork products" (page 3) and noted that his delegation might revert to it in the future, for this case raised a number of important issues.

Canada (SCM/59/Add.5/Rev.1)

74. No comments were made on this sub-item.

75. The representative of the United States noted the continuous absence of "outstanding orders" in the reports by the EEC and wondered if a satisfactory clarification could be offered. The representative of the EEC reiterated the explanation given by his delegation in previous meetings, the rôle of the "sunset clause" provision and the efforts of his authorities to settle this matter.
E. Reports on all preliminary or final countervailing duty actions (SCM/W/82 and 88)

76. The Chairman stated that notifications under these procedures had been received from the United States.

F. Report of the Group of Experts on the calculation of the amount of a subsidy (SCM/W/83)

77. The Chairman drew the Committee's attention to the fact that the Group had submitted to the Committee the "Draft Guidelines on Amortization and Depreciation" (SCM/W/83). As this draft had been before the Committee for some time now, he would expect that delegations were ready to consider its adoption.

78. The representatives of various delegations expressed their wish to postpone the adoption of SCM/W/83 for the document was highly technical, had been seen by new signatories only recently and many were still waiting for confirmation from their capitals. It was also stated that the document represented a great effort by the Group of Experts, that its adoption was of paramount importance for those countries implementing those Guidelines and finally, that it would also be a testimony of the responsibilities of the Committee.

79. The Chairman took note of the comments made by various delegations and stated that document SCM/W/83 as revised would be considered to be adopted if no written objections or comments were received by the chair by 31 May 1985. The Chairman further recalled that these Guidelines did not add new obligations nor did they detract from the existing obligations under the Code for they constituted an understanding on the manner in which signatories intended to calculate the amount of certain subsidies.

80. The Chairman further stated that the Group of Experts had also completed its work on the "Draft Guidelines for the Application of the Concept of Specificity in the Calculation of the Amount of a Subsidy" (SCM/W/89). As this text had been submitted for the Committee's consideration only during the present session, delegations might wish to reflect on it and consequently he would propose its consideration for adoption at the next meeting of the Committee. It was further decided that in the absence of written objections or comments to be submitted to the secretariat by 15 September 1985, this document would be up for adoption at the next meeting of the Committee.

G. Report of the Chairman on his consultations regarding Article 14:5 and on the first part of the special meeting of the Committee (19 March 1985) called in pursuance of the decision of the CONTRACTING PARTIES of 30 November 1984 (L/5756)

81. The Chairman recalled that the CONTRACTING PARTIES had invited, by their decision of 30 November 1984 (L/5756), inter alia the Committee on Subsidies.

1SCM/W/83 was revised so that the last words of paragraphs 4.2.2. and 5.2.2. should read "average commercial life of assets" and not "average life of commercial assets".
and Countervailing Measures to hold a special meeting on the adequacy and effectiveness of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the GATT and obstacles to acceptance which contracting parties may have faced. The Committee had agreed to hold such a special meeting in two parts. The first part, devoted mainly to discuss problems some developing countries may have faced, was held on 19 March 1985 and the discussion had focussed on a procedural proposal circulated in SCM/M/26). The second part would take place on Friday, 26 April 1985, the main issue on the agenda being the adequacy and effectiveness of the Agreement, but the Committee might also wish to revert to SCM/W/86/Rev.2 or discuss any other concrete proposal on how to deal with problems some developing countries might have faced. As the Committee should have ample opportunity to discuss all these issues at this special meeting, he was not inviting any comments at this stage, unless any delegation had special reasons to make them now.

82. The observer for Argentina indicated that his delegation would make a statement on the adequacy and effectiveness of the Agreement at the special meeting of the Committee on 26 April 1985, and that some of his comments would deal with the problems of accession. He was hopeful that the fact that the Committee had primarily discussed the question of accession would not interfere with his intention of referring to it.

83. The observer for Colombia recalled that in the Airgram convening the present meeting (GATT/AIR 2133) mention was made of the fact that the Chairman would make a report of his consultations and of the first meeting of the Committee on the question of Article 14:5. He further wondered if the Chair could also shed light on this matter and on any further consultations which might have taken place.

84. The Chairman said that his predecessor, after continued informal discussions, had realized that the positions of delegations continued to be unchanged and that it would therefore be preferable to discuss the matter again at the Committee meeting on 26 April 1985.

85. The observer for Singapore hoped that delegations would reconsider their positions so that as a result of the forthcoming Committee's discussion on 26 April 1985, developing countries would be able to accede to the Code.

H. Uniform interpretation and effective application of the Agreement (SCM/53, SCM/56)

86. The Chairman said that at the last regular meeting of the Committee the then Chairman had introduced his report on informal consultations on problems concerning uniform interpretation and effective application of the Agreement (SCM/53). The Committee had not been invited to make comments on it at that time but rather to reflect on the issues. The Committee had further decided to revert to the report at its next meeting and that in the meantime, the Chairman should hold informal consultations to clarify all aspects of his proposal, so that the Committee could then have a substantive discussion in order to translate this proposal into concrete action if the Committee so agreed. The Chairman had been informed by his predecessor that he had had a number of informal consultations, including two informal meetings of the Committee. During these informal meetings, some delegations had made
comments on the contents of the proposal, others requested clarifications, whereas some other delegations stated that the text was still under examination by their authorities. The former Chairman had also, on his own responsibility, written a letter to the Chairman of the Committee on Trade in Agriculture, drawing his attention to SCM/53. His feeling, which the present Chairman shared entirely, was that the matter would need more consultations before the Chair would be able to make a final report to the Committee. For this reason he had limited his intervention to this factual report; he would make a more substantive report at a future date, hopefully at the next regular meeting of the Committee.

87. The representative of Chile said that his delegation considered this an item of fundamental importance and that documents SCM/53 and 56 constituted a positive, realistic and adequate base to reach consensus on the interpretation of Articles 8, 9 and 10 of the Code. His comments were made without prejudice to the work of the Committee on Trade in Agriculture.

88. The representative of the EEC indicated that his delegation had no major problems with the idea of continuing the informal consultations. However, he would like to reiterate that at the last meeting the EEC had insisted that the Committee on Trade in Agriculture dealt with the clarification and improvement of disciplines relating to agriculture and that this was carried out within a wide and balanced frame. The opinion of the EEC was to give a lot of weight to the work which could be undertaken by the Committee on Trade in Agriculture. The initiative of the former Chairman was a good one and the Chairman of the Committee on Trade in Agriculture would probably follow it up. The results of the work of the Committee on Trade in Agriculture were uncertain but could benefit from the document before the Committee. The EEC therefore wanted to recall the existence of the Committee on Trade in Agriculture.

89. The Chairman informed the Committee that the Chairman of the Committee on Trade in Agriculture had replied to the letter sent by his predecessor. Copies of the reply were available to delegations.

90. The representative of the United States reiterated the importance which his delegation attached to the work on this topic and the appropriateness of dealing with matters regarding subsidies in the body charged with dealing with subsidies. His delegation would wish to continue working in a constructive fashion with a view to obtaining an appropriate solution.

91. The representative of Canada noted that he would like to clarify his statement in paragraph 80 of SCM/M/24. He continued to view sections dealing with Articles 8 and 10 in SCM/53 as very useful vehicles for discussion of issues, whether in a group of experts or in any other group. His delegation would wish to continue participating in the examining of these paragraphs as a contribution to the further work of the Committee.

92. The representative of Australia stated that the Subsidies Committee was the appropriate place for consideration of document SCM/53. This text had a broader product coverage and a narrower legal base than the exercise being conducted in the Committee on Trade in Agriculture: the two exercises should be kept separate.
93. The representative of Japan shared the views expressed by the representatives of the US, Canada and Australia.

94. The representative of Austria said that matters dealing with agricultural issues should be addressed by the Committee on Trade in Agriculture.

95. The representative of New Zealand echoed the views of the Australian delegation and noted the interest of his delegation to actively participate in the forthcoming informal consultations.

96. The representative of Switzerland recalled that his delegation had supported the continuation of informal consultations. In the meantime he was waiting, with interest, for any reaction of the Committee on Trade in Agriculture to the paper addressed to it. The representative of Sweden on behalf of the Nordic countries subscribed to the view of the previous speaker.

I. Other business

Panel on the definition of industry for wine and grape products contained in the US Trade and Tariff Act of 1984

97. The representative of the EEC recalled that at the meeting of 15 February 1985, the Committee had decided to establish a panel, in accordance with Article 18:1, to examine the complaint of his delegation. This had been a clear decision and no conditions had been attached to the establishment of such a panel. Despite the deadlines stipulated by the Code, the panel was not yet operational, because neither its terms of reference nor its composition had been finalized. The US position on the terms of reference made it very difficult for the panel to carry out its work until the US ITC had pronounced itself upon a concrete case, and this consequently put into question the decision of the Committee of 15 February 1985. The United States delegation itself had said that "the extent to which deadlines of the Code were not observed discouraged signatories from submitting their dispute to the dispute settlement process" (SCM/M/13, paragraph 57). His delegation was hopeful that in the very near future the difficulties regarding the panel's terms of reference and composition could be solved so that work could be started. His delegation had shown a great deal of patience but this should not be abused.

98. The representative of the United States stated that his delegation attached great importance to a fair and proper resolution of disputes. The Committee would recall that there were substantive issues involved in this particular case and that the time spent on it was short in comparison to that spent on other well-known cases. Moreover, the view that the dispute settlement would provide a proper solution if one party was declared the victor, was not a productive view. His delegation was prepared to continue examining the selection of panelists. As regards the terms of reference, his delegation's views were intended to preserve the integrity of the panel process rather than to delay it; it was not useful for a panel to be forced to speculate on the application of a provision. He appreciated the constructive tone of the EEC and was hopeful that a solution would materialize, but had to note the concern of his delegation for the future of the dispute settlement process.
99. The representative of the EEC said that although he could also recall certain other cases, he would not like to engage in a debate on the general question of the dispute settlement process. He simply wanted to restate that the decision of the Committee had not attached conditions to the establishment of the panel and that hopefully the informal consultations would help to solve the difficulties regarding the panel's terms of reference and composition so that it could start work.

100. The Chairman took note of these statements and made it clear that the Chair, as a matter of urgency, would conduct informal consultations with the concerned parties with a view to reaching agreement on the question of composition and terms of reference of the panel.

**Derestriction of documents**

101. The Chairman informed the Committee that according to the established practice, the secretariat would like to include in the thirty-first supplement to the Basic Instruments and Selected Documents all decisions taken by the Committee in 1984. Two of these decisions were reproduced in documents which, for technical reasons, were still restricted. These were: Decision of the Committee of 4 December 1984 concerning the reservation by Portugal (SCM/57/Rev.1) and Guidelines in the Determination of Substitution Drawback Systems as Export Subsidies (SCM/58). If there were no objections to the derestriction of these two documents and their inclusion in the BISD, they would be consequently derestricted and included in the BISD. It was so decided.

**Date of next meeting**

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 will take place on 24-25 October 1985.