BACKGROUND INFORMATION FOR ANNUAL REVIEW
OF THE OPERATION OF THE AGREEMENT

Note by the Secretariat

In order to facilitate the conduct of the annual review the secretariat has prepared a short report setting out information available on actions taken by Signatories under the Agreement since the previous annual review in October 1980.

I. Organization of the work of the Committee

1. The Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement entered into force on 1 January 1980. On 15 October 1981 the following were the Signatories of the Agreement: Australia, Austria, Brazil, Canada, Chile, Finland, India, Japan, Korea, New Zealand, Norway, Pakistan, Sweden, Switzerland, United Kingdom on behalf of Hong Kong, United States, Uruguay, Yugoslavia and the European Communities. One of these Signatories is still in the process of ratifying the Agreement. Some Signatories apply the Agreement in their mutual relation on a provisional basis. One Signatory (New Zealand) accepted the Agreement with a reservation.

2. The Signatories of the Agreement are ipso facto members of the Committee on Subsidies and Countervailing Measures established under the Agreement. During the period under review the Committee has held four meetings:

   11 December 1980 - (SCM/M/5 and L/5092)
   29 April 1981 - (SCM/M/6 and L/5144)
   12 October 1981 - (SCM/M/7)
   28 October 1981 -

   Twenty-three contracting parties and four non-contracting parties have observer status. Furthermore two international organizations (IMF and UNCTAD) have attended meetings of the Committee in an observer capacity.

3. The Group of Experts on the Definition of the Word "Related" established jointly by this Committee and the Committee on Anti-Dumping Practices in May 1980 (SCM/M/3, paragraphs 33-45) completed its work and
submitted a report to the Committee in April 1981 (SCM/M/6, Annex I). The Group of Experts on the Calculation of the Amount of a Subsidy is continuing its work and because of its preliminary stage no report has so far been submitted to the Committee.

II. National legislation and implementing regulations (Article 19:5)

4. During the period under review the Committee has examined the national legislation submitted by Korea (SCM/1/Add.13). It also took note of communications submitted by Hong Kong (SCM/1/Add.12) on the implementation of the Agreement. As of 15 October 1981 the following Signatories submitted their legislation or made communications with this respect to the Committee:

- European Communities
- Sweden
- United States
- Norway
- Finland
- Switzerland
- Japan
- Austria
- Hong Kong
- Korea

5. Chile has notified the Committee in the document SCM/6 that there were no domestic regulations nor administrative procedures regarding countervailing duties, and consequently as long as appropriate legislation is not enacted no such duties will be imposed.

6. The representative of India made an oral statement to the effect that the Indian legislation did not contain any provisions on the imposition of countervailing duties which would be in conflict with the Agreement. Consequently as long as there are no detailed legislations on countervailing measures his Government will fully comply with the provisions of the Agreement if need arises to take a countervailing action (SCM/M/6, paragraph 12).

7. The delegation of Canada has submitted its draft legislation to the Committee for discussion and comments (SCM/M/4, paragraphs 28-31).

8. The following Signatories have not, as yet, informed the Committee of their actions under Article 19:5 of the Agreement: Brazil, Pakistan, Uruguay and Yugoslavia.

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1Australia and New Zealand have not been included in this enumeration as the Agreement entered into force for New Zealand on 15 October 1981 and will enter into force for Australia on 28 October 1981.
9. It was agreed that the Signatories to which comments concerning their legislation were addressed would consider them. Some Signatories reserved their rights to revert to particular aspects of the national legislations at a later stage or in the light of their practical implications. The Committee agreed to maintain on its agenda the examination of national legislations already submitted and those which will be submitted in future.

III. Semi-annual reports on all countervailing duty actions

10. Article 2:16 of the Agreement provides that the Signatories shall submit, on a semi-annual basis, reports of any countervailing duty action taken within the preceding six months. In this relation a standard form for such reports has been worked out (SCM/2). During the period under review the following reports have been submitted and circulated to the Committee:

(a) reports for the period 1 July 1980-31 December 1980 has been circulated in addenda to SCM/5. The following Signatories had notified the Committee that they had not taken any countervailing duty action during that period: Switzerland (Add.2); Japan (Add.3); Norway (Add.4); Brazil (Add.5); Finland (Add.5); Korea (Add.5); Yugoslavia (Add.5); Austria (Add.5); Hong Kong (Add.5); Sweden (Add.6); European Communities (Add.7); Uruguay (Add.9); Chile (Add.10). Countervailing duty actions had been notified by the United States (SCM/5/Add.1) and Canada (SCM/5/Add.8).

(b) reports for the period 1 January 1981-30 June 1981 has been circulated in addenda to SCM/7. The following Signatories have notified the Committee that they had not taken any countervailing duty action during that period (SCM/7/Add.2): Austria, Brazil, Canada, Chile, Finland, India, Japan, Korea, Norway, Sweden, Switzerland, Hong Kong, Uruguay, Yugoslavia and the European Communities. Countervailing duty actions have been notified by the United States (SCM/7/Add.1).

IV. Reports on all preliminary or final countervailing duty actions

11. Notifications under these procedures have been received from the United States and circulated in documents SCM/W/8, 10, 12, 13, 15, 16, 17, 18, and 20.

V. Notification of subsidies (Article 7)

12. In accordance with the Decision of the CONTRACTING PARTIES at their twentieth session (BISD, Eleventh Supplement, page 58) contracting parties should submit, every third year, new and full responses to the questionnaire on subsidies (BISD, Ninth Supplement, pages 193-194) and bring these notifications up-to-date in the intervening years. Full notifications are due in 1981. As of 15 October 1981 the following contracting parties submitted their notifications (L/5102 and addenda): Luxembourg, Romania, Finland, South Africa, Malawi, the EEC, Chile and Australia.

13. This matter was on the agenda of every regular session of the Committee. At its April 1981 meeting the Committee agreed that Signatories
should submit their notifications before the October 1981 meeting and that the Committee would undertake examination of the matter at that meeting (SCM/M/6, paragraph 15). In this relation the Chairman circulated an aide-mémoire to the Signatories (SCM/8).

14. There have been neither requests under Article 7:1 of the Agreement for additional notifications of subsidies nor have there been notifications under Article 7:3 of the Agreement.

VI. Dispute settlement and "second track actions" under Articles 12 and 13 or 17 and 18 of the Agreement

15. The following actions were taken under Article 12 of the Agreement:

(a) the United States requested consultations with the European Communities concerning certain subsidy programmes maintained by Greece.

(b) the United States requested consultations with the European Communities concerning subsidies on export of wheat flour.

16. A limited number of changes was made to the list of persons available for serving on panels. Consequently the present record in the possession of the Chairman is reproduced in Annex I.

VII. Other actions taken under the Agreement

17. The Government of Chile while ratifying the Agreement on 12 March 1981 made a communication which had been circulated to the Signatories (SCM/6).

18. The Committee examined, at a special meeting in December 1980 a question regarding the invocation of the non-application provisions of Article 19:9 of the Agreement by the United States (SCM/M/5). This question was subsequently discussed at the April 1981 meeting (SCM/M/6, paragraphs 23–32). The delegation of India circulated a draft decision by the Committee (SCM/W/14).

19. The Committee examined, at a special meeting on 12 October 1981 the reservation to Article 19:5 of the Agreement proposed by New Zealand. The Committee accepted this reservation with certain qualifiers. The relevant decision by the Committee has been circulated in SCM/12.
ANNEX

SUBSIDIES AND COUNTERVAILING MEASURES

Panel Members

Austria:
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Federal Ministry of Commerce, Trade and Industry
Vienna

Mr. Ernst Kurmayer
Federal Ministry of Finance
Vienna

Brazil:
Mr. Antonio Marques Porto e Santos
Delegation of Brazil, Geneva

Canada:
Mr. R. Hines
Assistant Director
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Department of Finance
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Mr. J. Weekes
Economic and Commercial Policy Division
Department of External Affairs
Ottawa

Chile:
Mr. Alejandro Jara
Delegation of Chile, Geneva

EEC:

Denmark:
Miss Ulla Trolle

France:
Mr. J.C. Prevel
DREE

Mr. M. Guyot
Controleur d'Etat

Germany:
Mr. T. Menk
Ministry of Finance

Mr. M. Kohler
Ministry of Finance
EEC (cont'd):

Italy:

Mr. G. Baronci
Ministry for External Trade

Mr. E. del Gizzo
Ministry of Finance

Mr. G. Barulli
Ministry of Finance

United Kingdom:

Mr. M. Hunt
Permanent Mission, Geneva

Mr. A.W. Dell
Department of Industry

Finland:

Mr. Raimo Peltonen
Governmental Counsellor
Ministry of Finance
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Mr. Matti Pullinnenn
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Economic Adviser
Ministry of Commerce, New Delhi

Mr. S.P. Shukla
Industries Commissioner
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Mr. Katsuro Shinzeki
First Secretary
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Mr. Harald Bøyum
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Mr. Ted Hume
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