THIRD COMMITTEE: COMMERCIAL POLICY

SUB-COMMITTEE "H"

SECTION C - SUBSIDIES

NOTE BY THE UNITED STATES DELEGATION WITH RESPECT TO MODIFICATION OF ITS AMENDMENT TO SECTION C - SUBSIDIES OF CHAPTER IV AS CONTAINED IN DOCUMENT E/CONF.2/C.3/1/Add.41 AND IN THE REVISED ANNEXED AGENDA, E/CONF.2/C.3/3

1. Article 26 - Additional Provisions on Export Subsidies

Paragraph 1

Add, following the words "except with respect to primary products"
the following:
"on which a Member has in effect a price support or stabilization programme ........."

2. Article 27 - Undertaking regarding Stimulation of Exports

Beginning with "Provided that" delete the present words of the amendment and substitute as in the following:

Notwithstanding the provisions of paragraphs 1, 2 and 3 of Article 26 and of paragraph 3 of Article 27, no Member shall grant any subsidy on the exportation of any product which has the effect of Any Member granting any form of subsidy which operates, directly or indirectly to maintain or increase the exportation of any primary product from its territory, shall not apply the subsidy in such a way as to have the effect of maintaining or acquiring for the Member a share of world trade in that product in excess of the share which it had during a previous representative period, account being taken insofar as practicable of any special factors which may have affected or may be affecting the trade in that product. The selection of a representative period for any product and the appraisal of any special factors affecting the trade in the product shall be made initially by the Member granting the subsidy; Provided that such Member shall notify the Organization and Members likely to be affected and, upon request, shall consult with respect to the representative period chosen by that Member. If, within a reasonable period of time, no agreement is reached in such consultation, /the question
the question of the representative period and the appraisal of any special factors shall be submitted to the Organization, and the Organization shall make a finding as to any adjustment required in the representative period. This finding shall be binding upon the Member imposing the subsidy.

3. Article 27 \[paragraph 2\] 
Delete this paragraph.

Comment
1. The effect of the addition to paragraph 1 of Article 26 is to narrow the exception to those primary products on which there are in effect price support or stabilization schemes. As previously drafted, all primary products were excepted.
2. The important change is the provision that the finding of the Organization shall be binding on the Member imposing the subsidy. This provides a safeguard against the use of subsidies to gain for a Member a share of the world market beyond that obtained in a representative period.
3. With the additional provision in paragraph 1 of Article 27, this paragraph is no longer necessary.