

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1423

20 February 1961

Limited Distribution

PANEL ON SUBSIDIES

Note on Main Points Discussed by the Panel

1. The Panel on Subsidies met from 13 to 16 February 1961, pursuant to the decision taken by the CONTRACTING PARTIES at their sixteenth session (SR.16/5). The Panel continued the work as set out in its terms of reference (document L/925), particularly with regard to the assembling of material for the preparation of a draft report on the operation of the provisions of Article XVI.
2. The following are the main points discussed by the Panel during its February meeting:
 - (i) The role and effects of subsidies in international trade:
 - (a) whether subsidies were becoming more widespread; and
 - (b) whether the effects of subsidies on international trade were comparable to tariffs, quantitative restrictions, etc.
 - (ii) The use being made of Article XVI,

including consultations about subsidies and the procedures for such consultations, and prior determination of serious prejudice.
 - (iii) What constitutes a subsidy;
 - (a) the general characteristics of export subsidies, production subsidies, etc.;
 - (b) what subsidies were notifiable and arrangements for future notifications;
 - (c) whether the present questionnaire was appropriate; and
 - (d) whether it would be desirable to attempt a definition of a notifiable subsidy.
 - (iv) The position of the negotiability of domestic subsidies and tariff concessions and the provisions dealing with the impairment of tariff concessions.

3. In discussing the nature and scope of its report, which is to be submitted to the eighteenth session of the CONTRACTING PARTIES, the Panel requested the secretariat to undertake a comprehensive statistical survey, principally on a global basis and based on the material contained in the notifications, of the role and scope of subsidies in international trade in important primary and non-primary products. The secretariat also undertook to draft a descriptive analysis of:

- (a) the reasons given by contracting parties for the maintenance of subsidies;
- (b) the type of subsidies and commodities subject to subsidization;
- (c) the total amount of subsidies; and
- (d) the level of subsidies.

4. The Panel will reconvene on 10 April 1961 to finalize its report for submission to the CONTRACTING PARTIES at the eighteenth session.