

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SCM/M/10
26 January 1982

Special Distribution

Committee on Subsidies and Countervailing Measures

MINUTES OF THE MEETING HELD ON 14 DECEMBER 1981

Chairman: Mr. B. Eberhard (Switzerland)

1. The Committee on Subsidies and Countervailing Measures met on 14 December 1981. The participation in the meeting was limited to the Signatories only.
2. The purpose of this meeting was to examine the matter raised by the United States in document SCM/10 (subsidies maintained by the European Economic Community on exports of wheat flour).
3. The Committee agreed to add an additional item to its agenda concerning the decision of the Committee of 27 October 1981 on the acceptance of the Agreement by Australia (SCM/14).

Subsidies on exports of wheat flour

4. The Chairman informed the Committee about consultations he had had following the discussion at the previous meeting of the Committee (SCM/M/9, paragraphs 49-69) with the interested parties with a view to developing a mutually acceptable solution.
5. The representatives of the United States and of the European Communities respectively stated their arguments and elaborated on the facts involved in the matter. They also commented on legal and procedural aspects of the case. Representatives of Australia, Canada and of Hong Kong expressed their views on some of these aspects.
6. The Committee, upon request of the representative of the United States, agreed to establish a panel in accordance with the provisions of Article 18:1 of the Agreement and authorized the Chairman to decide on its composition and appropriate terms of reference, in consultations with the parties concerned.

Acceptance of the Agreement by Australia

7. The Chairman referred to the second item on the agenda concerning the decision of the Committee of 27 October 1981 (SCM/14). He said that a number of consultations had taken place between Australia and other Signatories and as a result of these consultations some modifications had been proposed to this decision. The Chairman read the text of the revised decision. The Committee adopted this text (SCM/14/Rev.1).
8. The representative of the Community stated that the new decision in no way altered the fact that the Agreement, including the annex, was fully applicable to Australia. Furthermore, at the Committee's meeting on

27 October (cf document SCM/M/8 of 25 November 1981, paragraph 14) it had been recorded that "statements made by Signatories had underlined the fact that unilateral interpretations of the provisions of an Agreement could not be authoritative, nor could they bind Signatories. The only authoritative interpretations were those made by the Committee which was entrusted with the implementation of the Agreement."

9. The representative of Canada said that in the view of various statements made by the members of the Committee and the Chairman at the meeting of 27 October 1981 and in the view of the decision just adopted he wanted to reaffirm that the Agreement apply fully to Australia and that unilateral interpretation of the Agreement were neither authoritative nor binding on Signatories.

10. The representative of Australia said that his delegation was also of the view that interpretations of the Agreement might be made only by the Committee.

11. The representative of Sweden speaking on behalf of the Nordic countries reiterated the declaration made on behalf of the Nordic countries on 27 October 1981 and reproduced in SCM/M/8, paragraph 8, and recalled the Chairman's conclusion in paragraph 14 thereof.

12. The Chairman stated that there was a unanimous view in the Committee that the only authoritative interpretations of the Agreement were those made by the Committee which was entrusted with the implementation of the Agreement. The Committee agreed with this statement.

Annex I

1. In pursuance of the decision of the Committee on Subsidies and Countervailing Measures taken at its meeting of 14 December 1981, concerning the establishment of a panel to examine the complaint by the United States (SCM/Spec/6), the Chairman, after securing the agreement of the Signatories concerned, set the following terms of reference and the composition of the panel:

I. Terms of reference

"To examine, in the light of the relevant provisions of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade the facts of the matter referred to the Committee by the United States concerning subsidies maintained by the European Communities on the export of wheat flour and in the light of such facts to present to the Committee its finding as provided for in Article 18 of the Agreement."

II. Composition

Chairman: Ambassador Fumihiko Suzuki (Japan)

Members: Mr. E. Hobson (Canada)
Mr. R. Lempen (Switzerland)

2. The date of the establishment of the panel, for the purpose of Article 18:2, is 22 January 1981.