

GENERAL AGREEMENT ON

RESTRICTED

SCM/99

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TARIFFS AND TRADE

Special Distribution

Committee on Subsidies and
Countervailing Measures

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CONCILIATION UNDER ARTICLE 17 OF THE AGREEMENT

Communication from the United States

The following letter has been received by the Chairman from the United States Trade Representative.

On 31 January 1990, the Committee on Subsidies and Countervailing Measures met to consider inter alia a matter referred to the Committee for conciliation: namely, the dispute between the United States and the European Communities (the "EC") relating to the granting of an exchange rate insurance scheme export subsidy by the Federal Republic of Germany. During the discussion of that matter, you the Chairman, expressing the general feeling of the Committee, urged the United States and the Communities to step up their efforts to develop a mutually acceptable solution.

Consistent with long-standing US objectives in regard to this matter, the objectives of Article 17 of the Agreement, and the Chair's statement, the United States has, since the Committee's meeting, continued to consult with the Communities in the hope that a mutually acceptable solution to this matter can be achieved without further resort to the dispute settlement provisions of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade (the "Agreement"). However, our decision at this time not to request further action under the dispute settlement provisions of the Agreement is, of course, taken without prejudice to doing so at an early date if we conclude that the current discussions are unlikely to resolve this matter in a mutually satisfactory manner.

In addition, as the United States indicated it would do during the Committee's January meeting, the US has presented to the EC a formal request pursuant to Article 7 of the Agreement for information relating to the nature and extent of any subsidies granted or maintained with respect to Airbus, including information on the exchange rate scheme that the EC refused to provide to the Committee at its recent meeting.