

# GENERAL AGREEMENT ON

RESTRICTED

SCM/101

23 April 1990

## TARIFFS AND TRADE

Special Distribution

Committee on Subsidies and  
Countervailing Measures

Original: English

### EXPORT SUBSIDIES GRANTED BY AUSTRALIA

#### Request by the European Communities for Consultations under Article 12:1 of the Agreement

The following letter dated 22 March 1990 is being circulated to the Committee at the request of the delegation of the European Communities.

It has been brought to the attention of the Commission of the European Communities that the Government of Australia has granted an export subsidy to Kodak Australasia, a subsidiary of Eastman Kodak of the USA.

From a reading of the relevant enabling legislation (the "Bounty (Photographic Film) Act 1989") and regulations (the "Bounty (Photographic Film) Regulations") it is clear that the Federal Government of Australia is granting a subsidy to producers of photographic film in Australia, for the purpose of increasing their production.

Information made publicly available by Australian official sources also makes it clear that the legislation is aimed at, and is the result of an agreement with, the Australian subsidiary of Eastman Kodak, Kodak Australasia, and that the granting of this subsidy is expressly contingent upon Kodak maintaining and increasing its exports from Australia (notably to Asian markets) at least over the next five years.

In addition, it appears that the Government of Victoria is granting additional subsidies to Kodak, contingent upon the granting of the subsidy by the Federal Government.

The Community is concerned by these developments in Australian Government's policy. First of all, it seems clear that such a subsidy will have an adverse effect on the exports of Kodak's competitors from other countries, including the Community, and indeed on Eastman Kodak's European operations.

Furthermore, the granting of a straightforward export subsidy, even if somewhat disguised by the absence of explicit export performance requirements in the relevant legislation (requirements whose existence and importance have been made clear, however, by official Australian sources),

files in the face of our common efforts to negotiate an improved subsidies discipline within the Uruguay Round, since such practices are already expressly prohibited by current rules.

Thus, the European Community hereby requests consultations with the Government of Australia under Article 12:1 of the Agreement on Interpretation and Application of Articles VI, XVI and XVII of the General Agreement on Tariffs and Trade, in relation to subsidy legislation and practices which appear contrary to the letter and the spirit of Article 9 of this Agreement, in particular as exemplified by item (a) of the Illustrative List of Export Subsidies annexed to the Agreement.