

# GENERAL AGREEMENT ON

RESTRICTED

SCM/103

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## TARIFFS AND TRADE

Special Distribution

Committee on Subsidies and  
Countervailing Measures

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### EXPORT SUBSIDIES GRANTED BY AUSTRALIA

#### Request by the European Communities for Conciliation under Articles 13:1 and 17 of the Agreement

This is to confirm the request for conciliation made by the representative of the Community at the regular meeting of the Committee on Subsidies and Countervailing Measures on 24 April 1990.

It had been brought to the attention of the Commission of the European Communities that the Government of Australia had granted an export subsidy to Kodak Australasia, a subsidiary of Eastman Kodak of the United States, in order to forestall the announced closure of the company's Australian facilities.

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 this development in the Australian Government's policy. The granting of a straightforward export subsidy, even in 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) is contrary to Article 9 of the Agreement, in particular as exemplified by item (a) of the Illustrative List of Export Subsidies annexed to the Agreement.

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Furthermore (although this is mentioned only for the sake of completeness, and does not alter, in any manner, the legal basis for the Community's request), not only it seems likely that the subsidy will have adverse effects on the exports of Kodak's competitors from other countries (and indeed on Kodak's European operations), but it is also clear that the granting of the subsidy has already effectively eliminated the competitive opportunities which would have been created by the closure of Kodak's Australian operations, which had been decided prior to the granting of the subsidy.

Thus, the Community had requested, on 22 March 1990, consultations with the Australian Government under Article 12:1 of the Agreement. Consultations were held on two occasions, but no mutually acceptable solution has been reached. For these reasons, the Community has requested the Committee on Subsidies and Countervailing Measures to undertake an effort for conciliation, pursuant to Articles 13:1 and 17 of the Agreement.