

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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Committee on Subsidies and
Countervailing Measures

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EUROPEAN COMMUNITIES - SUBSIDIES PROVIDED
WITH REGARD TO THYRISTORS

Request for Conciliation

Communication from the United States

The following communication, dated 11 October 1993, has been received from the Office of the United States Trade Representative.

On 23 April 1992, the United States requested consultations with the Commission of the European Communities ("EC") under Article 12.3 of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade (the "Subsidies Code") in regard to subsidies that are being provided to SGS-Thomson and that are being used in connection with the production of thyristors. Thyristors are discrete electronic switching devices whose many applications include "transient voltage suppression" which protects electronic circuitry.

On 29 April 1992, representatives of the United States and the Commission met informally in Geneva. At that meeting, the US representative presented the EC representative with detailed allegations concerning subsidies and trade effects, and sought more specific information concerning the subsidy practices in accordance with the provisions of the Subsidies Code. The EC representative indicated that the Commission would discuss those materials with relevant member State representatives and provide responses and information to the United States at an early opportunity.

On 17 June 1993, the United States request consultations with the Commission under Article 12.3 of the Subsidies Code for the follow-up purposes described above. Such consultations were held during the week of 12 July 1993. Unfortunately, no mutually satisfactory solution was achieved.

In that the parties were unable to reach a mutually acceptable solution within sixty days of the United States' request for consultations, the United States now refers this matter to the Committee for conciliation in accordance with the provisions of Part VI of the Subsidies Code.

The United States has reason to believe that significant subsidies have been provided by the French and Italian Governments to SGS-Thomson, a producer of thyristors. The most recent subsidies have been in the form of capital infusions bestowed in connection with the merger of companies. It is our understanding that certain infusions have already been made, and more are planned in the future.

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Further, the United States has reason to believe that such subsidized products are causing injury to the domestic industry in the United States producing thyristors, nullifying or impairing benefits accruing to the United States under the General Agreement or causing serious prejudice to the interests of the United States. For example, the subsidies at issue have provided a significant boost to production and sales of thyristors by SGS-Thomson, which are in direct competition worldwide with thyristors produced by the companies in the United States.