

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Proposals Regarding the Agreement on Subsidies
and Countervailing Measures

Communication from Colombia

The following communication, dated 7 September 1999, has been received from the Permanent Mission of Colombia.

Background

Article 27 on special and differential treatment provides for an eight-year transition period for developing countries to eliminate export subsidies.

The Agreement prohibits export subsidies but allows production subsidies that are granted on a non-specific basis. This affects the competitiveness of products and exporters, provided a country's budgetary resources are sufficient to grant a subsidy on a general basis. In the case of developing countries such as Colombia, the possibility of granting production subsidies on a general basis is very weak owing to the lack of resources. Accordingly, subsidization efforts have to focus on support for export-oriented production.

Proposals

1. It is proposed that Article 27.2 be amended so that the Article 3.1(a) prohibition does not apply to export subsidies granted by developing countries where they account for less than 5 per cent of the f.o.b. value of the product.
2. Provisions should be adopted on the non-application of countervailing measures in the case of imports from developing countries where the total volume of imports is negligible, i.e. 7 per cent of total imports.