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SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS

Joint Communication from Cuba, Dominican Republic, Honduras,
India, Indonesia, Kenya, Pakistan, Sri Lanka, Tanzania and Zimbabwe

The following communication has been received from the above delegation on 7 May 2002.

Through this submission, the delegations of Cuba, Dominican Republic, Honduras, India, Indonesia, Kenya, Pakistan, Sri Lanka, Tanzania and Zimbabwe submit an additional proposal for making special and differential treatment (S&D) provisions in the Subsidies and Countervailing Measures (SCM) Agreement, more precise, effective and operational and thus strengthening it. This contribution may be seen as aimed at facilitating the deliberations in the Committee on Trade and Development Special Session. Co-sponsors of this submission reserve the right to modify or amend this proposal in future.

THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

Article 27.1

Full text of the provision

*Members recognize that subsidies **may** play an important role in economic development programmes of developing country Members.*

Issue

This provision lays down the basis for special and differential treatment for developing countries. However, the value of this recognition has been considerably diluted by using the word "may". There is a need for unambiguous recognition of the role played by subsidies in developmental policies.

Proposal

It is proposed to delete the word "may" from the text. The provision, if amended, would read as follows:

"Members recognize that subsidies play an important role in economic development programmes of developing country Members".

The above change would give full effect to this S&D provision.
