SUBSIDY DISCIPLINES
AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

83rd Session of the OECD Steel Committee
28 September 2017 - Paris

Seref Gokay Coskun
Technical Trade Specialist
Rules Division
World Trade Organization
WTO Agreements Prescribing Rules on Subsidies

- GATT 1994
- Agreement on Subsidies and Countervailing Measures (ASCM)
- Agreement on Agriculture
What does the ASCM do?

- Two facets:
  - Subsidization by WTO Members
  - Rules for challenges to subsidies or their effects
    - Multilateral
    - Unilateral - Countervailing measures
Subsidy definition in the ASCM

- A financial contribution
- By a government or any public body
- That confers a benefit
- That is specific
Elements: Financial Contribution

- Direct transfer of funds, e.g.
  - Grants
  - Loans
  - Equity infusions
- Potential direct transfer of funds, e.g.
  - Loan guarantees
- Foregone or uncollected Government revenue, e.g.
  - Tax credits
  - Tax/duty exemptions
Elements: Financial Contribution...cont’d

- Provision of goods or services other than general infrastructure
- Purchase of goods
- Income or price support
Elements: Government or Public Body

- Government or public body makes financial contribution OR
- Entrusts or directs a private body to make financial contribution
- Within the territory of a Member
Elements: Benefit

- Advantage to recipient
- Compared to obtaining same financial contribution in market place
- Guidelines: Article 14 of the ASCM
Elements: Specificity

- Principle: Distorted resource allocation
  - Enterprise specific
  - Industry specific
  - Regional specificity
  - Prohibited subsidies deemed to be specific
  - De facto / De jure specificity
Prohibited Subsidies (Article 3)

- Export subsidies
  - Contingent on export performance
  - In law or in fact
  - Illustrative List of Export Subsidies (Annex I of the ASCM)

- Domestic content subsidies
  - Contingent on use of domestic over imported goods
Exceptions for Export Subsidies

- S&D Treatment
  - Annex VII countries (Article 27) – LDCs and countries listed in Annex VII(b)
  - Prohibition not applicable
  - Graduation at US $1,000 GNP per capita
- No exception for domestic content subsidies
Actionable Subsidies

- All other specific subsidies
- Adverse effects through use of subsidies, i.e.:
  - Serious prejudice
  - Injury to a domestic industry
  - Nullification or impairment of benefits
“REMEDIES” under the ASCM

**Multilateral**
- Establishment of WTO Panel
- Adoption of Panel/AB Report
  - **Prohibited** Subsidy: Withdraw
  - **Actionable** Subsidy: Withdraw subsidy or remove effect

**National**
- Initiate anti-subsidy (CVD) investigation
- Existence of subsidy, injury, causal link
- Impose countervailing measures to offset subsidy
“REMEDIES” under the ASCM

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Steel Products</strong></td>
<td>24</td>
<td>23</td>
<td>17</td>
</tr>
<tr>
<td><strong>% in Total</strong></td>
<td>53%</td>
<td>74%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>All Initiations</strong></td>
<td>45</td>
<td>31</td>
<td>34</td>
</tr>
</tbody>
</table>

*As reported to the WTO Secretariat
Surveillance of the ASCM

- Committee on Subsidies and Countervailing Measures

- Notification obligations of Members:
  - Specific subsidies
  - Countervail legislation and regulations
  - CV measures
Information to be provided

- Title of the subsidy programme, if relevant, or brief description or identification of the subsidy.
- Period covered by the notification.
- Policy objective and/or purpose of the subsidy.
- Background and authority for the subsidy.
- Form of the subsidy (i.e., grant, loan, tax concession, etc.).
- To whom and how the subsidy is provided.
- Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy.
- Duration of the subsidy and/or any other time limits.
- Statistical data permitting an assessment of the trade effects of the subsidy.
Surveillance of the ASCM

Low level of compliance

As of 25 September 2017

Numbers

1995: 112
1998: 133
2001: 143
2003: 146
2005: 149
2007: 151
2009: 153
2011: 153
2013: 159
2015: 162

- Members that did not make any notification
- Members that made a "nil" notification
- Members that notified subsidies
Thank you for your attention...

For further information:

Seref.Coskun@wto.org

+41 22 739 69 20