

FACULTY OF JURIDICAL SCIENCES

Lecture-21



Agreement on Subsidies and Countervailing Measures

The Agreement on Subsidies and Countervailing Measures addresses two separate but closely related topics: multilateral disciplines regulating the provision of subsidies, and the use of countervailing measures to offset injury caused by subsidized imports.

Multilateral disciplines are the rules regarding whether or not a subsidy may be provided by a Member. They are enforced through invocation of the WTO dispute settlement mechanism. Countervailing duties are a unilateral instrument, which may be applied by a Member after an investigation by that Member and a determination that the criteria set forth in the SCM Agreement are satisfied.

Structure of the Agreement

Part I provides that the SCM Agreement applies only to subsidies that are specifically provided to an enterprise or industry or group of enterprises or industries, and defines both the term “subsidy” and the concept of “specificity.” Parts II and III divide all specific subsidies into one of two categories: prohibited and actionable (1), and establish certain rules and procedures with respect to each category. Part V establishes the substantive and procedural requirements that must be fulfilled before a Member may apply a countervailing measure against subsidized imports. Parts VI and VII establish the institutional structure and notification/surveillance modalities for implementation of the SCM Agreement. Part VIII contains special and differential treatment rules for various categories of developing country Members. Part IX contains transition rules for developed country and former centrally-planned economy Members. Parts X and XI contain dispute settlement and final provisions.