

Article 26: Additional Provisions on Export Subsidies

This Article places an obligation on Members not to employ export subsidies which result in the sale of products for export at prices lower than those in the domestic market, due allowance being made for certain factors affecting price comparability. Such subsidies are required to be eliminated within two years of the Charter entering into force, but if it considers its interests prejudicially affected the Member may approach the Organization and seek authority for extension of the period. Subject to consultation on request by the Organization or by a Member whose interests may be seriously prejudiced by such action, a Member may subsidize exports of a product to offset a subsidy granted by a non-Member affecting the Member's exports. There is special provision in Article 27 exempting provisionally from the requirements of paragraphs 1 and 3 of Article 26 exports of a primary commodity where a Member considers that its interests would be seriously prejudiced by compliance therewith.

Article 27: Special Treatment of Primary Commodities

This Article makes special provision relating to exports of primary commodities. Schemes for stabilization of domestic prices or returns to producers which at times result in export prices being lower than domestic prices are not regarded as involving subsidies on exports if they have resulted or are designed to result in higher export than domestic prices and are so operated or designed to operate as not to stimulate exports unduly.

Members granting subsidies affecting primary commodities are expected to co-operate in efforts to arrange inter-governmental commodity agreements.

A Member is not required to comply with paragraphs 1 and 3 of Article 26 respecting termination of an export subsidy if its interests would be seriously prejudiced by such action. In that case, however, it is required under Article 28 to notify the Organization and consult promptly with any other Members whose interests are seriously prejudiced with a view to ensuring that it is not obtaining more than an equitable share in world trade in the commodity.

Unless the Organization concurs, Members must not grant new subsidies or increase an existing subsidy on exports of a primary commodity while negotiations are taking place for an inter-governmental control agreement. If a commodity agreement is inappropriate, or if such measures fail to succeed, the Member, if its interests are seriously prejudiced, will not be bound by paragraphs 1 and 3 of Article 26, but must conform to Article 28.