

Particular emphasis is laid on the granting of export subsidies which result in the sale of a product for export at a price lower than the comparable price charged for the like product in the domestic market. In general, Members are required to abolish such subsidies within two years of the date when the Charter enters into force unless the Organization, on request, grants an extension beyond that period.

In the case of a primary commodity, however, where a Member considers that its interests would be seriously prejudiced by compliance with this requirement it shall be exempt provisionally therefrom subject to its conforming with the provisions of Article 28, which embody, *inter alia*, an undertaking to the effect that subsidies shall not be applied to maintain or acquire for the Member more than an equitable share of the world trade in the commodity concerned. The Member is required under Article 28 to notify the Organization as to the nature and extent of the subsidization and of the estimated effect on its exports of the product. It is also required promptly to consult with other Members which consider that their interests are seriously prejudiced by the subsidization. If agreement among the Members is not reached the Organization will determine what constitutes an equitable share having regard to a number of specified factors affecting trade in the commodity. The Member may also follow the procedure set out in Chapter VI regarding inter-governmental commodity agreements.

There is special provision in Article 27 to cover stabilization schemes for primary commodities, of the type operated by New Zealand in connection with dairy-produce. These are not regarded as involving an export subsidy where they are designed to stabilize the domestic price or returns to domestic producers independently of movements of export prices, even though they result at times in the sale of the product for export at a price lower than the price to buyers in the domestic market if the Organization determines—(a) that the system has also resulted or is designed to result in prices higher for export than for the domestic market, and (b) the system is so operated, or is designed so to operate, either because of the effective regulation of production or otherwise, as not to stimulate exports unduly or otherwise seriously to prejudice the interests of other Members.

Article 25: Subsidies in General

This article applies to subsidies in general which operate, directly or indirectly, to maintain or increase exports of a product or to reduce or prevent an increase in imports of a product. Members are required to notify the Organization of the nature and extent of such subsidization and must be prepared to discuss with a Member which considers its interests prejudicially affected thereby, or with the Organization, the possibility of limiting the subsidization.