

ENFORCEMENT OF U.S. RIGHTS UNDER THE SUBSIDIES AGREEMENT

The legislation provides the means for enforcement of U.S. rights under the Subsidy Agreement, establishes a mechanism for reviewing the operation of provisions in the Agreement relating to green light subsidies, and facilitates dispute settlement proceedings brought under the Subsidies Agreement.

The SAA notes the Administration's intent to coordinate countervailing duty law with its rights under the Subsidies Agreement. Accordingly, the bill provides authority for retaliatory action by the U.S. against foreign measures. For "red light" subsidies, which are expressly prohibited by the Subsidies Agreement, the SAA notes that, where a foreign country does not implement a dispute settlement decision within the allotted time and the dispute settlement body authorizes retaliation, existing section 301 provisions provide the needed domestic authority to carry out the retaliation. The bill also provides authority for USTR to take action under section 301 on "green light" (non-actionable) subsidies, if a foreign country does not comply with recommendations of the Subsidies Committee. The bill sets out that action may be taken if the Committee authorizes countermeasures, or if a Committee recommendation is blocked.

TITLE III

SAFEGUARDS

The Safeguards Agreement interprets and strengthens the provisions of GATT Article XIX by establishing control over safeguard actions and by eliminating "grey area" measures such as orderly marketing arrangements. Actions are meant to be non-discriminatory although selective actions are possible. Safeguard provisions permit a country to impose import restrictions to provide temporary relief when increased imports are found to cause or threaten to cause serious injury to a domestic industry. Recognizing that countries will resort to such actions, the Safeguards Agreement clarifies the circumstances under which they may do so and establishes rules and disciplines to take actions, such as;

- a) determination of injury (including threat of injury) and increasing imports;
- b) procedures to ensure transparency (including a public investigation and published reports);
- c) four year duration with an extension of another four years following an additional investigation;
- d) expedited procedures that may be applied in "critical circumstances", including special provisions for proceedings