

III. EXPORT SUBSIDIES

(a) Reform Process

31. A key Cairns Group goal is to prohibit new, and phase out existing, export subsidies. The subsidy practices involved will need to be clearly identified and defined. The phase-out process should take the following form for each commodity:

- (a) Current maximum level of export subsidies (per unit and total outlay) would be frozen as a first step.
- (b) In each year thereafter these maximum levels would be progressively phased out in accordance with an agreed timetable and formulae.

32. If export assistance for commercial shipments is progressively reduced, there is a risk that participants will shift export assistance into concessional food aid shipments. All food aid should therefore be provided on a grant basis and to the maximum extent possible, bearing in mind legitimate donor priorities, channelled through existing relevant international organizations.

Governments should strictly comply with existing international commitments and understandings in regard to bilateral food aid shipments.

(b) Strengthened Rules/Disciplines

33. Prohibition of export subsidies.

34. Appropriate amendments to Article VI (and relevant articles of the Subsidies and Countervailing Measures Code) will be required. An associated rule, to be incorporated in the General Agreement, but linked to FAO/CSD procedures, would be that all food aid be provided on a grant basis.

IV. EXPORT PROHIBITIONS AND RESTRICTIONS

35. As part of a satisfactory, comprehensive reform package, the Cairns Group stands ready to consider relevant proposals. It notes that this would be without prejudice to measures applied consistent with, among others, Article XX of the General Agreement.