

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED
LIMITED B
GATT/CP/58/Add. 7
8 August 1950
ORIGINAL: ENGLISH

CONTRACTING PARTIES

S U B S I D I E S

NOTIFICATIONS REQUIRED BY ARTICLE XVI AND BY
THE DECISION OF THE CONTRACTING PARTIES OF
2 MARCH 1950

Notification by the Government of Denmark

The following communication, dated 5 August 1950, has been received from the Government of Denmark:

"This report has been prepared pursuant to the obligations under Article XVI of the General Agreement on Tariffs and Trade and to the Decision of the Contracting Parties of March 2, 1950.

Apart from the subsidization of the price of sugar for household purposes, the Danish Government do not maintain any subsidy covered by Article XVI.

Under the Danish sugar scheme which has been reported in detail pursuant to Article XVIII:12, the Minister of Commerce, Industry and Shipping is empowered to fix the sales price charged by the sugar factories per kilo for refined sugar. Since 1940, the price has been fixed at 41 øre per kilo, which is below the present cost of production. This price, however, applies only to sugar sold for household purposes. Industries using sugar for raw material pay an additional price. This additional price is fixed in consideration of the price of sugar on the world market.

The subsidy needed for the maintenance of the price of sugar for household purposes at the fixed level is paid to the sugar factories partly out of the Treasury and partly by using that part of the profits of the sugar factories including profits on exports of sugar, which is deposited in a special fund belonging to the Government. The household consumption of sugar in 1949 amounted to about 90,000 metric tons, and the subsidy paid out of the Treasury amounted to about 30 million kroner. As a result of a recent increase of sugar rations, the total household consumption in 1950 is estimated at about 105,000 metric tons which will involve a Government expenditure of about 27 million kroner.

The purpose of this subsidization is exclusively to assure that the sugar consumption of the population can be bought at a low price. In the new Act on the Sugar Scheme the question of the maintenance of the arrangement has been left open.

At present Danish production costs for sugar are substantially below the world market price. Thus the subsidization should not have serious effects upon imports and exports of sugar.

In view of the information given above concerning the nature and aims of the scheme, the Danish Government finds it doubtful whether it is necessary to report the scheme under Article XVI of the GATT but it has nevertheless been considered most appropriate to make such a report."

