

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED
LIMITED B
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15 September 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 Netherlands

The Netherlands, the overseas parts of the Realm included, do not at present grant or maintain any subsidy which, in the terms of Article XVI, operates directly either to increase exports or to reduce imports.

A. METROPOLITAN TERRITORY

In the metropolitan territory, however, certain subsidies are granted of which the indirect export-increasing effect cannot be denied theoretically, though in practice that effect is so small that the following survey of these subsidies is given for the sake of completeness only.

Subsidies on consumers' goods.

In pursuance of the Government's wage and price policy subsidies are paid on certain foodstuffs of which the cost of production (or purchase price, in the case of imported goods) is too high to be fully met by the price the average consumer can afford to pay.

The total sum of these subsidies is estimated for 1950 at 242 million guilders. This sum amounts to about 1½ per cent of the national income so that its export increasing effect, if any, is very small.

The table below shows the subsidies granted for the main articles:

Brown bread	800 gr.	4,9 cents
White bread	800 gr.	2,3 cents
Groats	1000 gr.	9,35 cents
Rolled oats	1000 gr.	8,9 cents
Sugar	1000 gr.	8,7 cents
Coffee	1000 gr.	400,- cents
Milk	litre	2,5 cents
Margarine	1000 gr.	30,- cents
Cooking fat	1000 gr.	12,85 cents

These subsidies are paid out of a special fund (Landbouwegalisatiefonds - Agricultural Equalization Fund). This Fund, however, has been established primarily for the purpose of price-equalization of agricultural products (see below).

Subsidies on fodder

The sum of 242 million guilders, mentioned above, comprises 49 million guilders for the subsidization of imported fodder cereals and albumen fodder. The price-reducing and, consequently, export-increasing-effect is, however, as far as possible offset by the levying of an export-duty on eggs and bacon, equivalent to the estimated amount of the subsidy incorporated therein.

Price equalization for agricultural products

The domestic prices for agricultural products are sometimes lower, sometimes higher than the prices which can be obtained in the export-trade. The extra profits which could be made in exporting the former are withheld and the amounts thus raised are used to subsidize the export of the latter. This system now operates for dairy-products.

All subsidies mentioned are based on the Agricultural Crisis Act 1933 (Landbouwcrisiswet) and the Food Order 1941 (Voedselvoorzieningsbesluit), under which the Minister of Agriculture, Fisheries and Food fixes the amounts to be paid.

Coal equalization fund

Since the end of the war the price for coal on the home market has been fixed at a level which lies above the price at which the domestic coal could be sold and below that of coal from foreign sources. The extra profit of the Netherlands mines is paid into a fund (Kolenegaliseringsfonds) out of which imported coal is subsidized. If the fund shows a deficit, because the amount of the subsidies paid on imported coal surpasses the extra profit paid into the fund by the Netherlands mines, this deficit is covered by a state-subsidy.

It is clear that this system neither hampers imports nor increases exports of coal. The fixing of the price of domestic coal below the world-market level operates on a negligible scale as an export subsidy on articles for the production of which coal is used.

(Domestic and imported coal not entering the home-market remain outside the scope of the fund.)

Peat

The production of peat is subsidized for social considerations, viz. in order to avoid unemployment in an infertile part of this country. The subsidy, which is paid out of the budget of the Ministry of Social Affairs, amounts to no more than 250.000 guilders for 1950 and applies to peat for industrial purposes only, not to peat used as a household fuel. The subsidy is necessary because otherwise the industries now using peat would shift to the cheaper coal. Moreover peat hardly ever enters into international trade on account of its low value, which cannot bear the comparatively high cost of transport. The subsidy consequently can hardly be considered to come under the terms of Article XVI.

B. OVERSEAS PARTS OF THE REALM

In New Guinea, Surinam and the Netherlands Antilles no subsidies are granted of which the indirect effect is to increase exports or reduce imports.

The Surinam States, however, have now under consideration a bill to authorize the country-ministers of Economic Affairs and of Finance to grant export subsidies on goods, which they may designate under conditions provided for in the bill. The subsidy would not exceed one half of the loss suffered by the devaluation in September 1949 of the currency of Surinam's customers.

It is the intention to subsidize one or two products only. As soon as the bill is passed, notice shall be given to the Contracting Parties.

August 1950.

