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INFORMATION ON STATE TRADING, SUBSIDIES AND TAXES IN INDUSTRIALIZED COUNTRIES

Note by the Secretariat

1. It was suggested at the last meeting of the Committee on Trade and Development that the GATT secretariat should prepare, for circulation at an early date, a comprehensive document on governmental measures of a non-tariff character in industrialized countries in respect of which information is available to the secretariat.

2. It may be noted that as far as quantitative restrictions are concerned, comprehensive information has already been provided in various documents pertaining to the Group on Residual Restrictions. An up-to-date listing of quantitative restrictions applied by industrialized countries on products of interest to developing countries may be found in COM.TD/B/W/7.

3. The present document is intended to present, in a form convenient for reference, the information on State Trade and Subsidies which has been supplied by industrialized contracting parties in accordance with the standing procedures for the notification of such measures (cf. BISD, 11th Supplement, pages 58-59). The notifications on which the document is based are indicated in the text and may be referred to if more detailed information is desired.

4. In the case of certain contracting parties no notification has been received in recent months and, especially in such cases, the secretariat is uncertain of the current validity of the statement included. The document is, therefore, issued subject to correction and amendment by the contracting parties concerned.

5. The document also provides information on revenue taxes affecting certain products of particular interest to developing countries but does not deal with other internal charges such as turn-over taxes, etc. which affect equally imports and domestic production.

6. Included in this document is a brief description of the Common Agricultural Policy and the relevant regulations of the European Economic Community. Information on the Common Agricultural Policy has originally been supplied in the context of the notification of subsidies.

CONTENTS

AUSTRIA

A. State Trading

(Ref. L/1949/Add.21,12 June 1963)

1. Products covered by monopolies established mainly for fiscal purposes.

(a) Tobacco

24.01 Tobacco unmanufactured
24.02 Cigars, cigarettes and other tobacco products

The administration of tobacco monopoly is carried out by the Austrian Tabakwerke AG. The tobacco monopoly is a "full" monopoly and has the sole right to import and export tobacco and tobacco products. Import licences, are, however, granted by the monopoly to private importers for small quantities (gift parcels etc.)

(b) Salt

25.01 Rock salt, table salt, salt for animals and for industrial purposes and brine

The salt monopoly is a production monopoly. The right to import salt is reserved for the monopoly administration. Since Austria is self-sufficient in this sector there has been practically no imports. However, medical salts not produced by Austrian salt works are imported by private enterprises and not by the monopoly administration itself.

(c) Spirits and brandy

22.08) Spirits and brandies, except rum and arak, French cognac
ex 22.09) in bottles and liqueurs

In so far as production is concerned, industrially produced raw spirits have to be turned over to the production centre of the alcohol monopoly, which in turn refines and sells the refined products to private trade. It is a part of the system by which internal taxes are levied on the consumption of spirits. The production of brandy, liqueurs etc. for human consumption is no longer subject to the monopoly. Imports of all kinds of spirits and brandies except overseas rum and arak, French cognac in bottles and liqueurs are reserved for the monopoly administration. The administration grants import licences whenever there is a demand. A "monopoly equalization charge" is payable on imported products. It is equivalent to the amount of the tax payable on the domestically-produced brandy for home consumption.

2. Products subject to State trading administered by the Grain Equalization Board.

10.01 Wheat and meslin
10.02 Rye
10.03 Barley
10.04 Oats
10.05 Maize
10.07 Buckwheat, millet, sorghum, canary seed; other cereals
11.01 Cereal flour
11.02 Cereal groats and cereal meal; other worked cereal grains (for example rolled, flaked, polished, pearled or kibbled but not further prepared); germ of cereals, whole; rolled, flaked or ground
23.02 Bran and other residues derived from the shifting, milling or working of cereals
23.07 Forage, in so far as it contains cereal products

The above-mentioned products are subject to certain regulations by the Law on Market Regulation (import planning, import permits, distribution measures, equalization of transport costs, milling regulations etc.) All imported quantities of grains have to be reported to the Grain Equalization Board to make sure that all products of that type - also in the case of products liberalized - are subject to a control which is essential for the preservation of a stable price level, planned production and adequate selling possibilities. The Board controls the quantity and prices etc. of imports through tender system and import licensing.

B. Subsidies

(Ref. L/2601/Add.6, 14 June 1966)

1. Milk and dairy products

(a) An official subsidy is granted for milk delivered with a view to guaranteeing to farmers a price corresponding to production costs of an efficiently managed and equipped enterprise in an area favourable to milk production. On the other hand, consumer prices for milk and dairy products are thereby kept as stable and low as possible, mainly for social and economic reasons, by means of ceiling prices.

(b) The Dairy Production Board, which is entrusted with various administrative tasks (such as provision of equalization costs for transport, regulation of the production areas and areas supplied, control of production and sale, promotion of quality, etc.), receives subsidies to cover the relevant expenditure.

(c) The Austrian Dairy and Cheese Dairy Association Limited, which is charged with sales promotion and other measures on the basis of a contract, has at its disposal certain sums derived from private and public funds.

(d) In the case of wholemilk powder and butter, export subsidies derived from public and private funds are granted through the Austrian Dairy and Cheese Dairy Association Limited.

2. Pigs for slaughter

In 1965 the cost of storage of surplus slaughter pigs and the export of live slaughter pigs and pig halves were subsidized as a temporary measure.

3. Breadgrains (wheat and rye)

The aim of the subsidy on breadgrains is on the one hand to ensure stable and remunerative prices to the farmer and, on the other hand, to keep flour and bread consumer prices as low as possible for social reasons.

A basic producer price has been fixed for breadgrains and the mills are required to buy them at such a price.

If import prices to be paid by the importer are higher than the fixed basic prices, the State pays the difference to the importer whereas if the actual import prices are lower than the fixed prices, the importer has to pay the difference to the State. This has the same effect with an import subsidy in the former case and an import surcharge in the latter case.

4. Feedgrains (maize, barley and fodder wheat)

A selling price of imported feedgrains has been fixed, first, to avoid over-production of meat, and consequently unduly depressed meat prices and, secondly, to encourage domestic producers to increase their production of feedgrains. If the actual import price is higher than the fixed price, the importer will receive a subsidy amounting to the difference between two prices, whereas if lower, the importer has to pay the difference to the State.

The subsidy has the function of stabilizing prices. Its effect on feedgrain imports is hardly noticeable as imports are primarily dependent on the size of domestic harvest, and on the resulting import requirements at that period.

BELGIUM

A. State Trading

(Ref. L/1014/Add.12/Rev.1, 3 November 1960)

According to the information provided in 1960, the "Office Commercial du Ravitaillement" intervene in the trade in meat, butter and wheat, in the following manner.

(a) Meat (beef and pork)

The Office is responsible for purchasing beef and pork for consumption by the army. Such purchases are effected on the national market by public tender. If the position on the home market does not allow the necessary quantities to be obtained for supplying the army, the Office invites tenders from Belgium firms which specialize in meat import.

(b) Butter

Butter from countries outside Benelux is imported, when necessary, by the Office, which allocates it to private importers for sale on the home market. The purpose of intervention by the Office is to ensure that consumer prices do not exceed certain limits.

In 1958, in view of butter surpluses existing at that time on the Belgian market, the Office was instructed to intervene to make export possible by the granting of a premium from the Agricultural Fund.

(c) Wheat

In 1959, as an exception, the Office assisted in the export of domestic wheat. Action by the Office was, however, confined to granting, on behalf of the Agricultural Fund, financial assistance to private exporters. The volume of exports was determined by the size of the surplus domestic crop.

B. Subsidies

(Ref. L/2326/Add.9, 27 July 1965)[1]

1. Flax

A subsidy is granted on flax cultivation. The principal reason for the subsidy is to maintain a certain area for flax cultivation both for agricultural reasons and in order to ensure adequate supplies for the linen industry.

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[1] For the information on products covered by the Common Agricultural Policy of the European Economic Community, see information given under the heading the European Economic Community.

The subsidy is financed out of the ordinary budget up to an amount of BF 30 million, the balance being charged to the Agricultural Fund.

The subsidy amounts to BF 2,000 per hectare of flax declared in the annual census of 15 May and in the special census made later. This corresponded to about BF 0.03 per kg. of raw flax in 1963.

2. Tobacco

A quality premium has been maintained on Belgian tobacco in recent years. Its main purpose is to improve the cultivation, handling and merchandising of Belgian tobacco. Appreciable progress has already been made in this field. As soon as the objective has been reached, the premium can be eliminated.

The premium varies according to quality appraisal and is paid directly to producers. Its rate may not be more than BF 5 per kg. for certain special tobaccos, and BF 4 per kg. for mixing tobacco. This amounted to an average of about BF 3 per kg. for Belgian tobacco.

3. Coal industry

In 1963 and 1964, no subsidies were granted to the coal industry in pursuance of paragraph 26.4 of the Transitional Convention annexed to the Paris Treaty.

Certain amounts were, however, granted under the provisions of the Budgetary Act alone.

The amounts granted were as follows:

- assumption by the State, under certain conditions, of a small part of the interest payable by collieries on re-equipment loans granted by public credit institutions;

- assumption by the State of the interest on recoverable advances also granted in the past by these same institutions with the consent of the European Coal and Steel Community;

- wage grants to undertakings whose closure was being or had been delayed on obvious economic grounds, particularly from the regional point of view;

- refundable grants.

These grants were not linked with production and therefore had no direct incidence upon the latter. These interventions have not affected the conditions of competition on the energy market. They have merely enabled closures to be delayed in order to alleviate social or regional repercussions.

4. Film industry

A premium is granted to the film industry with a view to promoting the domestic production of high-class films. The premium paid to film producers is computed within the limits of budgetary credits on the basis of the entertainment tax payable to municipalities at the time the films are shown in the local theatres.

The amount granted for each film varies depending on several factors such as: length of film, cost of film, the length of time during which it is shown, its box office returns, the amount of local entertainment tax (which varies according to municipalities).

CANADA

A. State Trading[1]

(Ref. L/1949/Add.7, 13 March 1963)

Wheat, oats and barley

The monopoly of these products is administered by the Canadian Wheat Board, which is entrusted with ensuring the orderly marketing of grain grown in Canada in inter-provincial and export trade. Wheat, oats and barley are sold by the Board for export either through its agents or on the basis of a direct agreement between the Board and a foreign government or its agency as purchaser of the grain.

B. Subsidies

(Ref. L/2601/Add.1, 20 July 1966 and Corr. thereto, and L/2326, pages 31-38)

1. Agricultural products

(a) Grain and grain products (wheat, oats, barley etc.)

(i) Feed freight assistance

This measure has assisted livestock producers in Eastern Canada and British Columbia by adjusting the freight and storage charges on Western grains and millfeeds used by them for livestock feed. No payment is made on grains and feeds for export.

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[1] For information on uranium produced and marketed by Eldorado Mining and Refining Limited, see L/2593/Add.9, 2 June 1966.

(ii) Storage on temporary wheat reserved

Due to the accumulation of abnormally large wheat stocks from several successive bumber crops, the Federal Government from 1 August 1955 has paid storage and interest costs on Canadian Wheat Board holdings of wheat in excess of basic stocks of 178 million bushels at the beginning of a crop year. The payments have relieved producers of burdensome storage charges on wheat in commercial storage.

(iii) Crop failure assistance

This programme is designed to aid farmers in the spring wheat area in years of low crop yields arising from drought, flood and other conditions beyond their control.

(b) Pork and lamb

(i) Hog quality premiums

The payment is designed to improve the quality of Canadian hogs. Payment is made to producers who deliver their hogs for slaughter at inspected plants or approved establishments throughout Canada. During the 1964-65 fiscal year the rate was $3.00 per Canada Grade A carcass and $1.14 in the average per hog graded.

(ii) Lamb quality premiums

This programme complemented support programmes for lamb and wool in aiding Canada's sheep industry and encouraged production of high quality lambs. From 1961 producers have been eligible for premiums on properly identified (tagged) lambs slaughtered at plants where Federal carcass grading is available. Payment per lamb carcass federally graded during the 1964-65 fiscal year was $1.24.

(c) Dairy products (butter, cheese and milk)

(i) Butter and butter-fat, price support

The price of butter is supported by the Agricultural Stabilization Board which buys butter in the summer months and releases it to the trade during the winter.

(ii) Cheddar cheese, price support

The Agricultural Stabilization Board offered to purchase Canada First Grade Cheddar cheese at certain prices during 1964-65 and to make a payment of 3.6 cents per pound on such cheese.

(iii) Cheese quality premiums

Cheese quality premiums are designed to encourage the production of high quality cheese. They are paid to cheese factories, for distribution to their milk suppliers on high grade cheese of the Cheddar type and blue-vein cheese of the Roquefort type. All such cheese received a premium of 2 cents or 1 cent per pound.

(iv) Milk for manufacture of casein and caseinates, price stabilization

The Agricultural Stabilization Board is authorized to make payments on dried casein and caseinates manufactured from the skim milk portion of milk delivered by producers. In the 1963-64 and 1964-65 fiscal years the Board made a payment of 10 cents a pound on all production of dried casein or caseinates.

(d) Eggs

The Agricultural Stabilization Board is authorized to support egg prices under a limited deficiency payment programme.

(e) Other products

A support price by deficiency payment was provided for a number of agricultural products during the 1964-65 fiscal year but market prices for each of them were above the support level so no payments were made. These products included cattle, hogs, lambs, sugar beets, soybeans and wheat, oats and barley grown outside the Canadian Wheat Board area.

(f) Agricultural lime assistance

Large areas of land in Eastern Canada and British Columbia have acid soils which must be limed before they can benefit from fertilizer, particularly where forage crops are grown. The Federal Government pays to each province up to 60 per cent of the amount expended annually by it on any direct activity undertaken to increase lime utilization.

2. Coal

(a) Coal freight subventions

Payments are made to producing coal companies and transportation agents to overcome a geographical handicap of Canadian producers in certain areas against imported coal or to overcome the competition of imported residual oil in Eastern Canada.

(b) Coal export subsidy

With a view to assisting coal mines in the extreme West distant from the major coal consuming areas of Canada, a subsidy is granted to coal exported to countries other than the United States and its territorial possessions or to coal used as fuel for vessels.

(c) Coke bounty

A subsidy of 49.5 cents per net ton is paid on bituminous coal mined in Canada and converted into coke to be used in the manufacture in Canada of iron and steel.

3. Fishing vessels (at least 35 feet in length)

Subsidies ranging up to 40 per cent of the cost approved by the Minister of Fisheries are granted for the construction of fishing vessels on the Atlantic Coast.

DENMARK

A. State Trading

(Ref. L/1949/Add.11, 18 March 1963 and L/2313/Add.5, 5 March 1965).

The Government of Denmark has notified that State trading in the sense of Article XVII is not in operation in Denmark.

B. Subsidies

(Ref. L/2601/Add.9, 4 July 1966)

1. Cash support

(a) Milk

The Minister of Agriculture is authorized to pay DKr 150 million annually as a subsidy to milk production. This subsidy is disbursed weekly to dairies through the Federation of Danish Dairy Associations on the basis of reports from individual dairies on the quantity of wholemilk and its fat content received directly from individual producers. Dairies pass on the subsidy to milk producers.

(b) General Purposes Fund

The Fund, which amounted to DKr 100 million annually in recent years, is used for measures to promote the marketing of Danish agricultural products, i.e. contributions to the Danish farming industries' participation in foreign exhibitions, research activities, establishment of necombination dairies, pilot farms, etc. mainly in less-developed countries and quantity discounts, e.g. for pigmeat supplied for canning.

(c) Subsidy to reduce the price of fertilizers

The subsidy amounted to DKr 50 million in recent years and is disbursed to farmers through suppliers of fertilizers.

(d) Dairy Rationalization Fund

The Fund, which amounted to DKr 20 million in recent years, is used mainly as loans for structural rationalization of the dairy industry by amalgamation of dairies into larger units.

2. Home market price schemes

(a) Pork, beef and veal, poultry meat and eggs

Levies are imposed on sales of these products in the home market, enabling the home market price to be maintained at higher levels than those obtained in export market where prices are kept at low levels. Proceeds from levies are generally distributed among producers in the form of additions to producer quotations for all supplies including those for export. If the average price obtained for exports exceeds the home market price approved by the monopoly control authorities, the levy which is in principle equal to the difference between the approved home market prices and average export prices, is to be suspended. The levy on beef and veal has been suspended since August 1963. In addition to the home market levy, a special charge of 50 øre per kg. has been imposed on slaughtered pigs since 1961. This charge is not related to export prices and is earmarked for market price equalization and stabilization or improvement of producer prices.

(b) Dairy products

Whereas the home market price schemes for pork, beef and veal, poultry meat and eggs are based on legislation, those for dairy products have been established on the basis of voluntary agreement among Danish dairies.

3. Grain marketing scheme

(a) Breadgrain (wheat and rye)

Minimum milling quotas are fixed by the Minister for Agriculture for Danish wheat and rye used for human consumption. Since 1 August 1966 the quotas have been set at 100 per cent. Guaranteed minimum prices for breadgrain, which had been maintained since 1958/59, have been abrogated for breadgrain of the 1966 harvest. Instead, breadgrain will be covered by the existing scheme for feedgrain with equalization charges intended to raise the prices of imported grain to certain basic levels.

(b) Feedgrain (barley, oats, feed rye, feed wheat, maize, milocorn, millet, and products therefrom)

To support the price of domestic feedgrain variable equalization charges are levied on imported grain, milled or unmilled and grain products. The charges are fixed as the differences between basic prices (minimum import prices) specified in the annual Grain Market Act and the lowest prices payable for grain c.i.f. Danish ports; basic prices are generally fixed for relevant short periods at a time. The proceeds of the charges, less refunds allowed for exports of Danish seed grain, malting barley, mixed feeds, etc. are paid into the Grain Equalization Fund, which depends also on a subsidy from the Treasury. The Fund is used for the benefit of small farmers, and poultry and egg producers, in order to allow these producers, who are generally net buyers of feedgrain, a certain compensation for the higher cost of production resulting from the basic price system. No licences were, or will likely to be, issued for importation of oats, barley, feed wheat, feed rye, and products therefrom during the period from 1 August 1965 to 31 January 1966 and from 1 August 1966 to 31 January 1967.

(c) Skim milk powder

An equalization charge may be levied on imported skim milk powder on the same principles as those applied to the charge levied on imported feedgrain, so as to bring the price of skim milk powder, c.i.f. Danish port plus the charge, up to a specified basic price. No charge was levied in 1964/65 because the world market price was higher than the basic price. The proceeds from the charge are earmarked for the reduction of the price of Danish skim milk powder used for feeding purposes so as to enable such powder to be sold to consumers at the same price as that for imported skim milk powder.

4. Rapeseed scheme

Manufacturers of margarine shall buy at specified prices (guaranteed minimum price for Danish growers) Danish grown rapeseed or oil extracted therefrom in quantities representing 10 per cent of their consumption of fat in the production of margarine. In addition, the manufacturers shall pay into the Rapeseed Fund, which is administered under the supervision of the Minister for Agriculture, a charge of 42 øre per kg. of the quantity of rapeseed which they are under obligation to buy. Importers of margarine shall pay 10 øre per kg. Rapeseed meal obtained from the extraction of rapeseed oil from Danish grown rapeseed shall be bought by rapeseed growers at DKr 36 per 100 kgs. ex factory. The money accumulated in the Fund shall be distributed among all suppliers of Danish grown rapeseed in proportion to the quantities supplied.

FINLAND

A. State Trading

(Ref. L/2593/Add.5, 6 May 1966, and L/1949/Add.8, 22 August 1963)

1. Alcoholic beverages
(Wine, spirits, alcoholic liqueurs and other substances containing more than 2.25 weight percentage of ethyl alcohol including yeast, vinegar, ethyl alcohol, beer, fused oil and amyl alcohol.)

The Alcohol Company has the sole right to import, to manage the production of, and to sell the above-mentioned alcoholic beverages. It may, however, transfer production rights by contract to private enterprises for a fixed time. The export of these products are also the exclusive right of the Company. But private persons and companies to which the company has granted the right to manufacture these products are allowed to export their products subject to the authorization of the Board of Directors of the Company.

2. Grains (wheat, rye, oats and barley, except grains imported in quantities under 50 kgs., seed grains and malting barley).

The purpose of the State Granary, the State-trading organization for grains, is to secure the supply of grain by purchases and storing, and at the same time to keep stable the demand for, and prices of, domestic grain. The State Granary buys certain quantities of Finnish cereals in order to secure for them a certain price level. In foreign trade the main activity of the State Granary is the importation of cereals. Exports are limited to cases where they are necessary for avoiding storing difficulties. Private persons can also import and export cereals if the State Granary considers it appropriate.

B. Subsidies

(Ref. L/2601/Add.3, 6 May 1966)

1. Subsidies for equalization of agricultural production cost and rationalization

(a) Subsidy for lowering prices of fertilizers

The subsidy was paid in 1965 to reduce prices of fertilizers and freight costs of lime, but it was abolished in the budget for 1966.

(b) Subsidy to small farms

According to the law on agricultural price level at least 10 per cent of the increased costs of agriculture must be paid to small farms as a so-called acreage subsidy.

(c) Regional support for agricultural production

(i) In Northern Finland, in the Eastern frontier districts and in the outer archipelago, a production subsidy is paid for milk through dairies; a direct subsidy to dairy farmers is paid for each dairy cow in the form of special vouchers for the purchase of fertilizers, lime and other agricultural requisites at a reduced price; and a subsidy for the transportation of milk is paid to dairies.

(ii) A production subsidy for beef and pork is paid through slaughterhouses in Northern Finland.

(iii) The State Granary makes contact with farmers in Northern Finland on the cultivation of barley at prices above the current price level.

(iv) The producer's price of rye in Northern and Middle Finland was Fmk 5 per 100 kg. higher than the price in Southern Finland.

2. Subsidies for lowering prices of butter, eggs and pork

In order to increase domestic consumption the consumer price of butter has been reduced. Export dairies have received refund, which has enabled them to pay farmers a price almost corresponding to the target price of milk determined annually by the Government. A similar system has been introduced for eggs and pork. The payments prevent the annual average producer price from dropping below the floor price level.

3. Deficiency payment to sugar beet and wool producers

A deficiency payment system is applied to wool. The difference between the fixed producer price of domestic wool and the market price is paid through the Purchasing Organization of Wool Factories. Similarly the sugar beet producers receive a payment through the processing factories, which covers the difference between the guaranteed producer price and the market price of sugar.

FRANCE

A. State Trading

(Ref. L/784/Add.1, 7 August 1958 and L/784/Add.2, 13 October 1958)[1]

1. Grains (wheat, rye, barley, oats, maize, rice and derivatives thereof, including flour, meal and by-products of milling industry).

2. Alcohol

3. Oilseeds, oil-bearing fruits and edible fats and oils

4. Sugar

5. Dairy products

6. Solid mineral fuels

7. Liquid fuels (crude petroleum and products and residues deriving therefrom)

8. Potassium

9. Propellant powders and explosives

10. Tobacco

11. Matches

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[1] In view of the old information used as source, description of products has only been given.

B. Subsidies

(Ref. L/2326/Add.11, 27 July 1965)[1]

1. Fruit and vegetables

Intervention in the fruit and vegetables markets is within the framework of action for the regulation of agricultural markets and the orientation of production.

(a) Aids to encourage standardization

Assistance is granted to the Technical Centre for Fruit and Vegetables towards its publicity campaign to encourage the standardization of certain products which is not yet compulsory.

(b) Assistance to exporters

A premium (F 0.12 per kg.) is granted on exports of all fruit and vegetables (except potatoes) to the Scandinavian countries to compensate transportation costs. A fixed amount is also granted to exporters of apples to far-off countries: tropical Africa (except the franc area) - F 100 per ton; Latin America - F 120 per ton; New Zealand - F 150 per ton.

(c) Exceptional aid in order to meet certain situations

Such aid is designed to encourage the processing of any seasonal production surplus in order to avoid the spoiling or destruction of the products. The aid is given to producers' associations which are now responsible for taking all necessary action in the event of a production surplus.

(d) Inter-professional organization of certain markets

Intervention limited to imposition of an inter-professional para-fiscal levy. The amounts levied at the professional level are used to put in place a contractual market organization with a view to maintaining a reasonable balance between production and demand.

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[1] For the information on products covered by the Common Agricultural Policy of the European Economic Community, see information given under the heading of the European Economic Community.

(e) Structural aids: producers' associations

These aids are designed to encourage producers' associations to organize production.

The aids which may be granted to the associations are as follows:

- initial subsidy: designed to cover all operational expenditure for the first six months of the first financial period;

- participation in operational expenditure: up to a maximum of:

  60 per cent of expenditure in the first financial year
  50 per cent in the second financial year
  25 per cent in the third financial year

The operational expenditure which can be taken into account is as follows:

- costs of supervision of certain activities required by the associations

- costs relating to various technical activities

- general administrative costs.

All of these aids will be paid out of the FORMA (the Fund for the Orientation and Regulation of Agricultural Markets).

(f) Publicity and propaganda

Measures designed to encourage consumption of products which are available in abundance, whatever may be their origin.

Payments are made of all costs of publicity and propaganda through the press, radio, cinema, television and posters. As regards preserved products, publicity costs are paid out of the sums accruing from para-fiscal taxes levied within the framework of the inter-professional organization.

2. Textile fibres (flax, hemp, wool, angora hair and silk)

Assistance is given on certain textile fibres through the intermediary of the FORMA. The assistance is designed to encourage production of these textile fibres and to support producers' income.

(a) Wool

Three kinds of bonus can be granted to promote production of greasy wool provided it is well presented.

(i) a grouping bonus of F 0.18 ($3\frac{1}{2}$ cents) per kg. of greasy wool. An additional bonus of F 0.02 per kg. is granted in the mountainous departments in compensation for special difficulties of collection in those areas;

(ii) an incentive bonus ranging from F 0.01 to F 0.5 per kg. where the tonnage collected in 1965 is greater than in 1964;

(iii) a prospection bonus of F 0.06 per kg. paid to producers' associations which have been set up since 1963 or have been prospecting new territories since that time.

All these bonuses are paid to the regional collection organizations which must comprise at least seven sheep farmers and collect a minimum of 200 tons.

The National Inter-Professional Wool Committee is responsible for applying the system. It receives a fixed indemnity of F 45 per ton of wool.

(b) Angora hair

The FORMA has allocated a certain amount for regulation of the angora hair market through the French Angora Board, which is responsible for stockpiling and partly merchandizing this product.

(c) Hemp

The FORMA makes the following payments through the General Inter-Professional Hemp Committee:

(a) to producers, a bonus of F 25 (US$5) per 100 kg. of retted fibres. If producers have delivered hemp straw to the scutching centres, the latter receive the bonus but they must refund two thirds of it to the producers;

(b) a bonus of F 2 (40 cents) per 100 kg. of straw to producers who entered into production contracts for semi-retted hemp in 1964;

(c) a stockpiling bonus of F 40 (US$8) per 100 kg. for a tonnage of not more than 400 tons, to producers of water-retted fibres from the 1964 harvest which had not been marketed by 30 September 1965;

(d) to seed suppliers, a stockpiling bonus of F 0.44 (0.9 cents) per kg. of monoecious hempseed from the 1964 crop which has not been marketed by 30 September 1965, up to a maximum amount of 250 tons.

The FORMA pays a certain amount of subsidy to the Federation of Hemp Producers, for a technical improvement programme.

(d) Silk

The FORMA grants a credit to the Inter-Professional Society for the Production of Cocoons, Silkworm Seeds, and Raw Silk in France, to enable the latter to pay a compensatory indemnity of F 5.70 (US$1.14) per kg. to cocoon producers. This amount is increased by F 1 (20 cents) for producers with an output of 250 kg. or more of cocoons (co-operative of industrial cocooneries).

An additional F 1 is paid to silkworm breeders who have formed associations having a contractual arrangement with the Inter-Professional Society providing for the observance of technical production regulations. Such associations must produce at least 500 kg. of cocoons.

Furthermore, the Inter-Professional Society receives, to encourage technical improvement of production, subsides: (i) for the purchase of selected seeds and their incubation; (ii) for the maintenance and modernization of cocooneries; and (iii) to cover operation expenditure.

Lastly, a certain amount is allotted for the study of development possibilities for French silkworm breeding.

(e) Flax

The following assistance is granted on flax cultivation:

(i) the FORMA has an allotment for payment to flax producers, through the National Inter-Professional Flax Association, of a bonus of F 115 (US$23) per hectare sown with flax and harvested. Producers are only entitled to this bonus if their flax acreage in 1965 is smaller than the average of their flax acreage in the three preceding years. In certain cases the bonus is paid to the scutchers and not the flax growers.

(ii) The General Association of Flax Producers receives a grant for a flax production modernization programme.

(iii) The National Inter-Professional Flax Association receives a fixed subsidy.

(iv) The FORMA reimburses to the Association the costs of verifying acreages under cultivation, up to a certain maximum.

(v) For the period 16 July 1965 to 31 July 1966, a scutching bonus is fixed at 6 per cent of the selling price of scutched flax and tow delivered to consuming industries.

(vi) A certain amount is allotted for improving scutching facilities.

(vii) The Technical Association for the Production and Utilization of Flax receives a subsidy by way of reimbursement of its costs for experiments in drying and merchandizing green scutched flax.

(viii) The French Flax Fibre Board is authorized to market fibre for the account of the scutchers and for this purpose it receives grants and loans up to a certain amount.

GERMANY, THE FEDERAL REPUBLIC OF

A. State Trading

(Ref. L/1989/Add.13, 29 March 1965 and L/2513/Add.11, 16 August 1965)

1. Spirits (ethyl alcohol, spirits (mixtures of ethyl alcohol and water) and brandy (spirits with a considerable content of secondary ingredients giving the taste and smell) except rum, arrack, cognac and liqueurs).

The above products are monopolized by the Federal Monopoly Administration for fiscal, social and economical purposes. The Monopoly Administration has the exclusive right of importing the above products. The Monopoly Administration may, however, authorize importation by others. For armagnac, whisky, gin and geneva, a general import licence of the Monopoly Administration is deemed to have been granted provided that particular conditions are fulfilled.

2. Inflammables (inflammables, inflaming chips, inflaming sticks made of straw, board or any other material, vestas made of stearine, wax or similar materials).

The monopoly of inflammables, which is administered by the German Inflammables Monopoly Company, has been introduced in 1930 to fulfil contractual obligations entered into by the Federal Government in connexion with a loan granted to it. Imports of inflammables can only be effected by the Monopoly Company if the demand cannot be met by domestic production.

Exports can only be effected by the Company at the domestic take-over prices, increased by 10 per cent. Such a price is not competitive on the world market. Therefore, inflammables have so far been neither imported nor exported.

3. Agricultural products covered by marketing laws

(a) Sugar law

(i) Sugar for consumption and primary product of unrefined sugar

(ii) Residual products obtained from raw sugar, including syrups with a pure sugar content above 70 degrees

(b) Milk and fat law

(i) Milk and cream as well as specified milk products

(ii) Butter, lard (pig lard and butter lard), margarine, artificial edible fats, other refined as well as refined and hydrogenated vegetable and animal oils and fats and edible fats and oils obtained therefrom, especially vegetable fats

(c) Grain law

(i) Rice

(ii) Secondary and residual products obtained in the production of sugar, beer, malt, and starch as well as potato flakes

(iii) Solid residues obtained in the production of fixed oils (oilcakes, whether or not ground, and extraction whole meals)

(iv) Fish meal, animal body meal and other fodder products of animal origin

(v) Other fodder products containing predominantly organic matter except those subject to EEC Regulation 19

(d) Meat law

(i) Livestock (bovine cattle, calves, pigs and sheep)

(ii) Meat and parts of such animals (for human consumption) (except halves of pigs)

(iii) Meat products (treated or processed meat - including preserves - with or without addition of other foodstuffs as well as slaughtering fats).

The four marketing laws aim, above all, to secure stable prices compatible with the domestic production costs and also to keep the market prices of products with legally-fixed prices within the set limits. Exports are subject to approval. Imports are to be influenced by the supply schemes to be set up by virtue of the laws. The regulation of imports and storage is effected by the import and storage agencies established by the marketing laws. Any proposed imports must be offered for purchase to the competent import and storage agency. If the offered products are admitted for importation, the agency purchases them formally from, and resells them to, importers or purchases them for storage on the agency's own account. The products may be resold to the importers at fixed prices or at purchase prices. If the products are resold at fixed prices, this has the same effect as an import surcharge or an import subsidy depending on whether the fixed prices exceed import prices or vice versa.

B. Subsidies

(Ref. L/1948/Add.11, 27 March 1963; and L/2326/Add.12, 27 July 1965)[1]

1. Forage plant seeds

A promotion bonus is granted so that seed growing can be maintained and stimulated since the efficiency of agriculture - under, in part, difficult farming conditions - cannot be safeguarded, unless tested seeds of certified varieties are made available. The promotion bonus is only granted to farmers growing seeds and only in cases where it has been established that the particular seed needs and deserves promotion. A fixed amount per unit is established for each variety. The amount of the bonus to be annually fixed or the cancelling of the bonus depends on the harvest and the world market price. As a matter of principle, no subsidies are paid for seeds to be exported.

2. Potatoes with high-starch content

To guarantee the necessary yield to farmers with light soils depending on the cultivation of potatoes but who are in a difficult position to supply food potatoes due to a long distance from the markets, the growers of potatoes with a high-starch content are provided with a cultivation premium out of the Federal Budget.

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[1] For the information on products covered by the Common Agricultural Policy of the EEC, see information given under the heading the European Economic Community.

The premium is limited to the amount of potatoes with a high-starch content provided there is a proof that they have been supplied on the basis of cultivation and delivery contracts concluded with the potato starch industry in the Federal territory. The payment of the premium is limited to the supply to the starch industry because starch factories, due to competitive import price, are not in a position to pay more than DM 0.40 per kg. of potato starch, which is lower than a minimum producer price. The premium falls due only if the starch factory proves that the minimum producer price of DM 0.50 per kg. of starch including the premium amounting to DM 0.10 per kg. has been paid to the grower of potatoes. The premium quota is limited to the quantity of potatoes needed to produce 30,000 tons of potato starch flour. This quantity accounts for 60-70 per cent of the total demand for potato starch flour.

3. Gas (diesel) oil for fisheries

Shipping (including fisheries) may use gas oil duty and tax free. Further, in order to keep operating costs of fishing vessels at a reasonable level aids are granted for the use of gas oil. As a rule, this aid is granted to the large-scale herring fisheries, small-scale deep-sea fisheries, coastal and inland fisheries (in total about 35 per cent of the total fishing yield of the Federal Republic of Germany) to maintain the operation of these enterprises. No large-scale deep-sea fishery shall receive this aid unless its need has been proved (operation losses).

The aid given amounts to DM 7 per 100 kgs. of gas oil consumed.

4. Landing premiums paid to deep-sea fisheries

The landing premiums aim at enabling deep-sea fisheries weakened by a structural crisis to purchase additional installation and equipment designed to improve quality. It is expected that the premiums will thus improve quality standards, increase consumption and help fisheries to overcome the structural crisis.

Landing premiums are paid to deep-sea fisheries whenever they produce evidence showing that their landings have been (i) either sold for immediate human consumption or (ii) deeply frozen or salted for storage purposes.

The landing premium (basic premium) amounts:

For the deep-sea fisheries depending on the tonnage of their active vessels from 3 to 6 per cent of gross receipts from sales; and for the large-scale herring fisheries and small-scale deep-sea and coastal fisheries 6 per cent of gross receipts from sales, plus a supplementary bonus amounting to:

4 per cent of gross receipts from the sale of shrimps
3 per cent of gross receipts from the sales of fish packed aboard in boxes with chopped ice
3 per cent for live fish or large fish of special quality standards
3 per cent for deep-frozen fish fillet sold in 1 kg. household packages
3 per cent of gross receipts from sales of herrings salted aboard and having special quality and grading standards

5. Milk

A bonus is granted on milk from budgetary funds on the basis of the dairies' purchasing price. Its purpose is to improve the quality and hygienic standards of milk and also to contribute some compensation for the appreciably higher performance of the dairy farmers necessitated by the ever-increasing demand for better quality milk and higher hygienic standards in milk production. The bonus is only paid to milk producers supplying the quality grades I and II. The fixed amount per unit is reviewed annually.

Imports of milk are in no way affected by this bonus since in the Federal Republic of Germany the milk market is organized on a regional basis. According to this organizational pattern regional milk markets may be supplied, in principle, just as little from German milk producing areas outside a given region as from any foreign country.

ITALY

A. State Trading

(Ref. L/1949/Add.16, 29 March 1963 and COM.II/43, 14 January 1960 up-dated by L/2313/Add.12, 17 August 1965)

1. Products under the responsibilities of the Autonomous Administration of State Monopolies:

(a) Tobacco, unmanufactured or manufactured

The monopoly is concerned with tobacco growing, manufacture, sales, imports and exports and is maintained for fiscal purposes. The imports and exports trade of tobacco is exclusively carried out by the Monopolies Administration except for the exports of unmanufactured tobacco, which may also be handled by private concessionaires.

(b) Salt

The monopoly is concerned with the production, sales, imports and exports and is maintained for fiscal and social purposes. For historical, economic and social reasons, Sicily, Sardinia, Livigno and Campione d'Italia are not included in the monopoly. The import and export trade in salt for human consumption is carried out by the Monopolies Administration. Private dealers licensed by the Administration may import common salt for industrial needs from Sicily and Sardinia, subject, however, to monopoly dues. Licensed private dealers may export, subject to the payment of an annual charge.

(c) Quinine

The monopoly was introduced for health reasons connected with the anti-malaria campaign.[1] Production of quinine for medical use only, is made by the Monopolies Administration. Imports of cinchona bark; quinine salts and cinchona alkaloids are handled by the Administration or by licensed private dealers upon payment of a special charge.

(d) Cigarette paper

The monopoly is concerned with production, sales, imports and exports. Exports may be made by private dealers subject to a licence granted by the Monopolies Administration.

(e) Lighters and lighter flints

The monopoly of lighter flints comes under the Monopolies Administration and that of lighters under the Consortium of the Match Industry. The monopoly is fiscal in character and concerned with production, sales, imports and exports. Imports and exports of lighters operated by lighter flints (which are a substitute for matches) come under the Consortium of the Match Industry. Imports of lighter flints, for which there is no domestic production at present, come under the Monopolies Administration. The imports and exports of lighters not operated by lighter flints are subject to a licence granted by the Monopolies Administration.

(f) Matches

The match monopoly is administered by the Consortium of the Match Industry and is fiscal in character. The manufacture, domestic sale and exports of matches are carried out by, or in the hands of, the Consortium, but import trade is reserved to the Monopolies Administration.

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[1] A bill providing for the abolition of the quinine monopoly has been submitted in the Italian Parliament.

2. Wheat and wheat flours

The wheat import trade is reserved to the State, through the Italian Federation of Agricultural Consortiums.

B. Subsidies

(Ref. L/1948/Add.15, 11 April 1963 and L/2326/Add.13, 27 July 1965)[1]

1. Freight assistance to exports of agricultural products

Exports of agricultural products are granted reduced freight rates for carriage by rail over national systems. The reduction of freight over land varies from 10 to 30 per cent according to the nature of the goods and the distance covered. The reduction of sea freight amounts to 10 per cent for distances not exceeding 200 kms. and 15 per cent for distances exceeding 200 kms.

The institution and maintenance of a sliding scale of reductions according to the distance covered are justified by the geographical characteristics of the country, for production centres of many export products (citrus fruit, grapes etc.) are at a considerable distance from the frontier transit point. Such reductions are part of the Government's present policy for developing employment and resources in the less-developed areas.

In practice, the assistance in question represents an average of 1 per cent of the delivery price of exported products.

JAPAN

A. State Trading

(Ref. L/2593/Add.12, 28 June 1966)

1. Government monopolies

(a) Tobacco and salt

The production, trade, retail sale, etc. of tobacco and salt are monopolized or controlled by the Japan Monopoly Corporation for fiscal purposes.

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[1] For the information on products covered by the Common Agricultural Policy of the EEC, see information given under the heading the European Economic Community.

(b) Alcohol, of which alcohol content is not less than 90 per cent

The production, sale and imports of alcohol are monopolized or controlled by the Ministry of International Trade and Industry for fiscal and other purposes.

(c) Opium

The production, trade, distribution etc. of opium are monopolized or controlled by the Ministry of Health and Welfare for medical and other reasons.

2. Agricultural products subject to state trading

(a) Rice, wheat and barley

Domestic purchase, trade and sales of rice, wheat and barley are carried out under the "food control" system, for the purposes of stabilizing farm economy and household budget of consumers. The imports of these products are carried out by private traders under Government permit and are sold exclusively to the Government.

(b) Milk products (butter, sugared condensed whole milk, sugared condensed, skimmed milk, skimmed milk powder, wholemilk powder, butter-milk powder and whey powder)

The imports of the milk products are in principle to be carried out exclusively by the Livestock Industry Promotion Corporation and/or dealers entrusted by the Corporation with imports so that the deficiency payment to milk producers for manufacturing milk products and stabilization of domestic consumption could be efficiently effected. But, private enterprises are to be permitted to import milk products used for particular purposes like feeding to school children.

B. Subsidies

(Ref. L/2601/Add.10, 19 July 1966)

1. Rice, wheat and barley

As is described in Section A above, purchase and sale of both domestic and imported rice, wheat and barley are placed under the control of the Government. In recent years, the Government selling prices of these grains have been set at a level lower than the Government purchasing price plus the cost incurred on the Government. The deficit accrued from the purchase and sales of these grains has been made up by the transfer from the General Account of the Budget. This deficit compensation has contributed to the stablization of the income of producers and the expenditure to consumers.

2. Price support and stabilization measures

(a) Sweet and white potatoes

In order to prevent the drop in price of sweet and white potatoes below a normal price level, the Government purchases the starch produced therefrom at a support price. Starch thus purchased by the Government is sold in the market at a price not less than the support price nor the current market price. This measure aims at preventing undesirable price fluctuations but not at raising general price levels of these products.

(b) Sugar

In view of the experience that the price of domestic sugar had been considerably affected by the fluctuation of the world market price, measures were adopted in June 1965 to prevent violent fluctuation of sugar import prices and to support the price of domestic sugar, with a view to safeguarding the earnings of sugar growers. To prevent the price fluctuations, the Government introduced a price range of sugar. If the price of imported sugar falls below the floor price, the Sugar Price Stabilization Corporation transfers the difference between these two prices to its Fund; and if the price of imported sugar exceeds the ceiling price, the difference between these two prices is met by the Fund. To support the domestic sugar price, the Corporation purchases domestic sugar at production cost in case an estimated price for domestic supply of imported sugar is lower than the production cost of the domestic sugar and resells it at the same price as the resale price of imported sugar of the Corporation.

(c) Soyabeans and rapeseed

To cope with the effects of soyabean imports on the prices of domestic soyabeans and rapeseed, a price support programme for these products was introduced in 1961 with a view to safeguarding the domestic production and thereby stabilizing farm income. Producers of soyabeans and rapeseed are granted price subsidies through the producers' associations.

(d) Cocoons and raw silk

To prevent abnormal price fluctuations of cocoons and raw silk, the Government engages in the purchase and resale operation similar to that for other agricultural products.

(e) Milk, milk products and pork

The Government is authorized to provide a subsidy to producers of milk for processing through the Livestock Industry Promotion Corporation. As regards milk products and pork, the Government has undertaken a purchase and resale operation with a view to stabilizing the market price of these products at their respective stabilization target prices. Products designated for the operation are pork, butter, sugared condensed whole milk, sugared condensed skimmed milk and powdered skimmed milk.

LUXEMBURG

A. State Trading

(Ref. L/2313/Add.13, 17 August 1965 and L/1949/Add 12, 18 March 1963)

The Government of Luxemburg has notified that there is no State-trading enterprise in Luxemburg.

B. Subsidies

(Ref. L/1948/Add.7, 21 March 1963 and L/2326/Add.14, 27 July 1965)

For information on products covered by the Common Agricultural Policy of the EEC, see information given under the heading the European Economic Community

Luxemburg has notified that it does not grant any subsidy in the sense of Article XVI of the GATT in respect of products not covered by the Common Agricultural Policy.

NETHERLANDS

A. State Trading

(Ref. L/1949/Add.2; 20 February 1965)

The Government of the Netherlands has notified that the Netherlands do not have recourse to State trading in the sense of paragraph 1 of Article XVII.

B. Subsidies

(Ref. L/1948/Add 9, 3 April 1963 and L/2326/Add.15, 27 July 1965)[1]

1. Dairy products

(a) Milk

(i) Equalization levies and reimbursements

There is no equalization levy on milk imports. However, mention should be made of the functions of the Dairy Fund which has been established by the milk producers.

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[1] For the information on products covered by the common agricultural policy of the EEC, see information given under the heading the European Economic Community.

Into this Dairy Fund are paid the proceeds from levies on milk destined for consumption in liquid form, the proceeds from levies on certain dairy products destined for domestic consumption (cheese, milk powder), any proceeds from levies on imports and exports of dairy products, an administrative levy and finally a sum of money corresponding to the cost-increasing effect on milk production resulting from import levies on feeding stuffs.

From the Dairy Fund are met the cost of such activities as consumption-promotion (consumer subsidy, sale of cold storage butter) export-promotion and defence of the Netherlands position in the market abroad (export subsidies), publicity campaigns and finally administrative costs (Marketing Board), cost of control etc.

At the end of each milk year (1 November-30 October) the balance of the Dairy Fund is taken into account to complete the calculation of the overall farmers' income from milk production (see below under (ii)).

(ii) Subsidy arrangements

Beginning from the milk year 1962/1963 the Netherlands support system for milk provides for a target price for producers in relation to total milk production. It is intended that this target price for producers be realized through:

- the annual fixation of an accounting price for fluid milk for domestic consumption. This accounting price has the purpose to ensure that the consumers pay for fluid milk and allied products (yoghurt, coffee milk, custard, cream and the like) at least the target price;

- the maximalization of proceeds from milk for industrial use;

- a pre-established allowance on milk for industrial use.

As the price paid to farmers for consumption milk, as well as the allowance on industrially processed milk, are fixed in advance by the Government, the total return on all milk produced is dependent on the price paid for industrially processed milk which is conditioned by the situation on both the internal and export markets for dairy products. The allowance on the production of milk to be industrially processed, has been fixed for the milk year November 1962/63 at f. 6.30 per 100 kgs. This allowance is paid by the Government in advance.

Taking conditions as prevailed in 1961/62 as a point of departure, i.e. an average return of f. 18.85 per 100 kgs. for the industrially processed milk and taking into account the above-mentioned allowances (f. 6.30 per 100 kgs.) as well as the reimbursement the farmer receives annually from the balance of the Dairy Fund (see under (i) above) it is estimated that the total return for all milk in 1962/63 will be about f. 27.00 per 100 kgs., at which level the target price for 1962/63 has been fixed.

In so far as the return of the industrially processed milk will turn out to be higher or lower than the mentioned f. 18.85 the consequential advantages or disadvantages will be shared by both farmers and dairies.

(b) Butter

(i) Equalization levies and reimbursements

There is an equalization levy of f. 2.00 per kg. on imports of butter. When imported butter is re-exported, this equalization levy is reimbursed. This, however, hardly takes place.

(ii) Stabilization and price support purchases

In order to avoid excessive downward price fluctuation for dairy products, floor prices for butter, cheese and skimmed milk powder are established. Intervention in the market takes place by the VIB, which is authorized to effect purchases of these products at the floor price (f. 353/100 kgs. butter in boxes in 1962). These floor prices are fixed once a year and are based on reasonable commercial expectations of the market developments as well as on the need to influence the production pattern. Losses and profits on these price stabilization purchases by the VIB are charged to the account of the Dairy Fund.

(iii) Subsidy arrangements

Export subsidies and losses incurred on sales of cold storage butter are paid out of the Dairy Fund. The consumer subsidy, which had been provided until August 1961, was replaced by sales of cold storage butter at reduced prices from VIB stocks.

The export subsidy paid on exports on butter to the United Kingdom was granted in order to maintain the relative position of the Netherlands in the United Kingdom market. On 1 January 1963 the export allowance for the United Kingdom market from the Dairy Fund amounted to f. 0.38/kg. butter. During 1962 this allowance fluctuated between f. 0.85 and f. 0.38 kg.

(c) Cheese

(i) Equalization levies and reimbursements

As a measure to maximize the returns from dairy products in general, cheese delivered from the dairies for domestic consumption are subject to a levy. This levy is normally restituted when exports take place. The amount of the levy is the same for domestic cheese and imported cheese. The proceeds from these levies are paid into the Dairy Fund.

(ii) Stabilization and price support purchases

Floor price of Gouda cheese purchased by VIB was fixed at f. 218/100 kgs. in 1962.

(iii) Subsidy arrangements

An allowance has been granted to exports destined for particular markets so that the Netherlands market position could be defended there. The allowance is paid from the Dairy Fund to exporters. The amount of the allowance fluctuates depending on the conditions of the export market concerned.

(d) Milkpowder (whole)

(i) Equalization levies and reimbursements

The delivery of wholemilk powder for domestic consumption and imports of wholemilk powder are subject to a levy as in the case of cheese. The levy is paid into the Dairy Fund and reimbursed on exports.

(ii) Stablization and price support measures

There is no floor price for wholemilk powder. The prices for this commodity are, however, indirectly influenced by the floor (intervention) price which are fixed for butter, skimmed milk powder and cheese.

(iii) Subsidy arrangements

As a result of the changes made in the level of the floor (intervention) prices for butter, skimmed milk powder and cheese and the consequent indirect influence on the price of wholemilk powder, this commodity lost its competitiveness. On the other hand increased milk production, the narrowing of the world market for butter and the fact that export possibilities for cheese have not increased caused the production of

wholemilk powder to rise. However, on traditional Dutch export markets such wholemilk powder met competition from foreign products which are exported with the aid of subsidies. This resulted in a decline of the Netherlands exports of wholemilk powder to those markets and led to the decision in 1961 to grant an export subsidy from the Dairy Fund.

The subsidy is granted to exporters, the amount fluctuating according to world market developments. The subsidy amounted in 1962 from f. 15.00 to 35.00 per 100 kgs.

The export subsidy in fact curbs the extent to which losses would have been incurred on butter-fat sales, because if no export subsidy had been granted, the butter-fat would have been turned into butter with consequential greater losses.

2. Sugar and sugar beets

In order to guarantee the Dutch farmers a certain income from sugar beets, a guarantee price has been fixed for sugar beets corresponding to a maximum quantity of sugar equal to internal demand for sugar for direct human consumption.

Through a factory price fixed for sugar the sugar industry is enabled to pay, on the average, the guarantee price to the sugar beet grower. The Dutch consumer price is derived from this price by adding the excise duty and normal trade margin i.e. the Dutch consumers pay for the price guarantee and therefore there is no cost incurred on the Treasury. The quantities of sugar produced in excess of domestic demand are to be disposed of at the prevailing world market price on the export market or on the internal market for industrial export purposes.

With regard to the producer price guarantee for the 1962 harvest a price of f. 61.20/100 kgs. of white sugar, corresponding to a sugar beet price of f. 52.00/1,000 kgs. sugar beets has been fixed for a quantity of 465,000 tons of sugar or as much more as domestic human consumption would turn out to exceed this quantity. In order to realize the price guarantee a levy is imposed. This levy amounts to: f. 20.00 per 100 kgs. raw sugar; f. 40.00 per 100 kgs. refined sugar. This levy is reimbursed on sugar which is exported either in the form in which it was imported, or in the form of products containing a certain amount of sugar.

3. Pigmeat (bacon etc.)

(i) Equalization levy and reimbursements

The Netherlands Government applies a system of target prices for feedgrains. Import levies are imposed on feedgrains in order to bridge the gap between import prices and the domestic target prices.

As pigs are mostly fed with feedgrains in the Netherlands, the pig grower pays an increased price for feedgrains the raised price, and therefore cannot compete with pig growers abroad which are feeding pigs with feedgrains obtained at world prices. Imports of pigmeat are being liberalized. A reimbursement corresponding to the cost increasing effect on pig production of the difference between the prices for feedgrains on the domestic market and those on the world market is granted on exports of pigmeat to non-EEC countries.

(ii) Subsidy arrangements

Prices of pigmeat are freely formed, although the Meat Marketing Board attempts to stabilize the market in a certain way. This is done by the fixation of a price for bacon pigs (65/70 kgs. slaughtered weight) for which bacon curers can buy pigs. This price fixation is done by the Marketing Board, which in so doing takes account of the general market situation for pigs, the available outlets for pigmeat in general, the United Kingdom bacon market prospects. As the United Kingdom market price is usually low - this market provides the only export market for bacon - the fixed price for bacon pigs does not allow the curer to export bacon to the United Kingdom without an export subsidy.

The export subsidy is paid to the curer of bacon. The amount flutuates depending on United Kingdom market prices and internal market conditions. The subsidy is paid from the Agricultural Equalization Fund.

4. Flax fibre

In order to make production of flax possible (the need for such a production is the technical need to alternate production) the price of straw flax has to be in relation to prices of the production of cereals and sugar beets which both are supported. On the other hand the price for fibre flax or long fibres on the international market is low, mainly as a result of competition from other natural fibres (subsidized cotton surplus etc.) and synthetic fibres. The Netherlands industry which exclusively processes domestic straw flax could not compete with the foreign industries in foreign and domestic markets, unless it would receive such a support. It was therefore decided to grant a subsidy amounting to f. 20.00 per 1,000 kgs. processed domestic straw flax for 1962.

The subsidy is paid to the Netherlands flax industry for the processing of domestic straw flax and is valid for the straw flax production of 1962.

NORWAY

A. State Trading

(Ref. L/1949/Add.17, 17 April 1963, up-dated by L/2313/Add.10, 6 May 1965, and L/2593/Add.3, 27 April 1966)

1. Grain, flour etc.

	10.01	Wheat and meslin
	10.02	Rye
ex	10.03	Barley (except that for breweries)
	10.04	Oats
	10.05	Maize
ex	10.07	Burra (sorghum)
ex	10.07	Buckwheat and other cereals for animal fodder
	11.01	Cereal flours
	11.02	Cereal groats and cereal meal
	11.03	Flour of the leguminous vegetables falling within No. 07.05
ex	11.06	Flour and meal of tapioca and manioc for animal fodder
	12.02	Flours and meals of oilseed or oleaginous fruits
ex	23.01	Flours and meals of fish, crustaceans, or molluscs, unfit for human consumption; greaves
	23.02	Bran, sharps and other residues etc.
	23.04	Oilcake and other residues (except dregs) resulting from the extraction of vegetable oils
ex	23.07	Sweetened forage and other feeding stuffs n.e.s.

The trade in the above products is monopolized by the State Grain Corporation which is entrusted with the secure supply of these products and also with responsibilities in connexion with support schemes for domestic grain production.

2. Alcoholic beverages

	22.03	Beer made from malt
	22.04	Grape-must
	22.05	Wine of fresh grapes etc.
	22.06	Vermouth etc.
	22.07	Other fermented beverages
ex	22.08	Ethyl alcohol or neutral spirits undenatured of a strength of 80° or higher.
	22.09	Spirits (other than No. 22.08), liqueurs and other spirituous beverages etc.

The production, sale, imports and exports of the above products are monopolized by the Wine Monopoly, with the exceptions of the import of wine and spirits by private persons for their own use, and production, sale and export of beer. The policy of the Monopoly is directed at preventing the abuse of alcohol and promoting temperance.

3. Fishing equipment

ex	51.01	Yarns of synthetic fibres (continous) for fishing gear
ex	54.03	Yarns of flax or ramie for fishing gear
ex	55.05	Yarn of cotton for fishing gear
	57.05	Yarn of true hemp for fishing gear
ex	59.04	Yarn of synthetic fibres (discontinuous) for fishing gear
ex	57.05	Twine, cordage, ropes etc. for fishing gear
ex	59.05	Fishing net

The imports of the above fishing equipment are monopolized by the State Fishing Equipment Corporation. The Corporation may give permission to private traders for the import of fishing equipment.

4. Pharmaceutical products (BTN ex chapter 30)

The Norwegian Medical Import Centre has in principle the exclusive right to import pharmaceutical products and drugs and to export pharmaceutical preparations. Private manufacturers may, however, export their own products provided the Centre consents. Manufactures of pharmaceutical products or drugs are required to apply to the Centre for permission to import materials used in the manufacture of such products. Narcotics are imported solely by the Centre.

B. Subsidies

(Ref. L/1948/Add.28, 19 November 1963)

1. Agricultural products

The main purpose of the subsidy arrangement for agricultural products is to provide for price support and thereby to avoid a heavy increase in price and cost levels. At the same time the subsidies are regarded as offsetting the general excise tax for alimentary goods. A social goal is also fulfilled as subsidies are applied on goods which are of major importance to people with large families and those in the lower income brackets. Considerations of normal and sufficient food consumption has played a part in determining the particular stress to be placed on subsidizing milk products. Moreover, the subsidy arrangement has an economic purpose in directing the development of agricultural production and influencing income distribution in the agricultural sector. The subsidy has been financed primarily from the State budgets.

(a) Milk and dairy products

Subsidies on milk and dairy products are paid to the producers represented by the Co-operative Milk Marketing Pools, the Norwegian Dairies' Sales Association and the Norwegian Milk Factories. The subsidies are given in fixed amounts per unit of produce. The subsidies are given for all milk delivered from producer, while the consumer subsidies cover only domestic sales of milk for consumption and dairy products including cheese.

(b) Flour (of rye, wheat and barley)

Subsidies on flour are paid to the State Grain Corporation in fixed amounts per unit of produce.

(c) Grain (wheat, rye, oats, barley, peas and mixed grain)

Subsidies are paid on Norwegian domestic grain by means of grain bonuses (Korntrygd) and premiums given through State purchases of Norwegian grain at prices approximated to those of imported grain. The grain bonus is a monetary contribution to the producers of grain who have grain milled for his own uses, either for human consumption or for feeding purposes. The bonus is paid to the producers through local mills. The premium on Norwegian grain equals the difference between Norwegian grain purchase price of the State Grain Corporation plus handling cost and the price of imported grain. The premium will fluctuate with import price. Part of the grain bonus and the premium has been financed by a tax on flour for domestic consumption.

(d) Concentrated animal feed

Subsidies on concentrated animal feed are effected through discounts on purchases made by the individual farmers. The subsidies are calculated at fixed rates per kilogramme for a limited quantity of feeding stuff. The quantity of feeding stuff for which discounts are made varies according to farm size and livestock species. With regard to milk cows, discounts are made according to output as well. The State Grain Corporation arranges for payment of these subsidies through feeding stuff wholesalers according to discount coupons issued by the various local Agricultural Councils (jordstyrer).

(e) Fertilizers

Subsidies on artificial fertilizers are given in the form of general discounts on the prices of phosphate fertilizers, potassic fertilizers, and complete fertilizers, and are paid to producers and importers. Artificial fertilizers are subjected to a particular arrangement through which support is granted to

small size farms. For farms in Northern Norway and for hill farms in Southern Norway, there is no maximum area limitation. This support is granted upon request from individual farmers. Part of the subsidy on artifical fertilizers is given by way of freight allowances. A similar freight allowance has been established for limestone and silo preservatory acid. Freight allowances are made to the wholesale distributors.

2. Fish

The objective of the State support is to provide the fishing industry earnings reasonable in relation to incomes in other industries and also to avoid a depopulation of districts dependent on fisheries.

The premiums on the prices of landed fish and herring are distributed to the sales associations and paid according to regulations laid down in an agreement between the Norwegian Fishermans' Association and the authorities. The sales associations lay down detailed rules for allocation within the framework of the agreement. Price supplements are made for certain types of fish and certain forms of production and are effected at fixed rates per kilogramme or hectolitre.

Price support is provided for fishing gear and paid to the State Gear Import Organization and other importers and producers. Allowances for bait are made to the central fish sales organizations and to the freezing plants.

The major portion of the loan capital invested in fishing boats, equipment and other production gear is made available by the State Fisher Bank. The loans are given as first or second priority loans. The first priority loans are granted in accordance with ordinary financial principles and consequently do not constitute subsidies. The second priority loans are granted in accordance with certain regulations at an interest rate of 2 per cent. The State Fisher Bank also administers the condemnation allowances, which are financed from the State budget. The Bank was established to overcome the difficulties which the fishermen have had in obtaining necessary capital for their investments in boats and equipment from private credit institutions, which are inadequate in many coastal districts, especially in Northern Norway. There are no quantitative or tariff restrictions on importation of fish.

3. Margarine

For the purpose of preventing rises in the cost-of-living index, subsidies are provided for margarine. The subsidies are paid to the producers at 84 øre per kg.

SWEDEN

A. State Trading

(Ref. L/2593/Add.7, 18 May 1966)

1. Alcoholic beverages (liqueur, wine and strong beer)

The Wine and Spirit Co. Ltd. has in principle the exclusive right to import the alcoholic beverages. With regard to export there is free competition between private traders and the Company. The State trading in the alcoholic beverages is maintained principally for reasons of a social, temperance, political and financial nature.

2. Raw tobacco

The Swedish Tobacco Company has the exclusive right to import trade in raw tobacco. Import trade in raw tobacco is regulated for control purpose in consequence of the State monopoly of manufacture of tobacco goods.

B. Subsidies

(Ref. L/2601/Add.4, 20 May 1966)

1. Agricultural products

(a) Import levies

One of the fundamental principles of the price support system now applied in Sweden is that the agricultural price support shall, as a rule, not be provided by means of quantitative restrictions on imports but by means of import levies. Customs duties on agricultural products have been abolished. The levies are in principle kept unchanged as long as domestic prices remain within predetermined limits. However, for feeding stuffs, no price limits are established and import levies are variable. Further, the import levies for all products may be changed according to the so-called 3 per cent rule, which is designed to moderate the influence on the domestic market of excessive fluctuations in the world prices and to compensate Swedish farmers for major changes in the cost level of production.

(b) General subsidy

In general proceeds from import levies are used mainly for price measures of different kinds, e.g. to cover cost for storage and marketing. Part of the means transferred in this way, e.g. import levy for feeding stuffs, does not

in the strict sense have the character of a subsidy but is to be considered as restitution of special costs connected with production. The purpose of this measure is to facilitate the agricultural population to obtain a reasonable level of income.

(c) Production subsidies for dairy products, etc.

In addition to the general subsidy, a programme of special support is provided for (i) small farmers, farmers in the northern areas and (ii) for the dairy field. These special payments are designed to overcome structural or locational disadvantages and to some extent to equalize farm incomes.

In addition to the above a general supplement is granted for all milk delivered to dairies from the State budget.

(d) Export aid

The aid to exports is organized by means of special equalization or compensation funds, which cover the difference between the higher domestic price and the price on the world market. The funds are administered by semi-official marketing associations, which are free to determine what export aid is to be given. The funds are financed as far as export is concerned by the proceeds of the legally compulsory fees paid by the producers (except in the egg sector, where no internal production fees are imposed) and in some sectors by levies on imports of feeding stuffs. No export subsidies are granted from the State budget. Products for which export aid was granted during 1964-65 are (i) breadgrains (wheat and rye), (ii) coarse grains, (iii) live cattle, bovine meat and animal fats, (iv) dairy products (butter, cheese, condensed milk and milk powder) and (v) eggs.

SWITZERLAND

A. State Trading

(Ref. L/1949/Add.23, 23 October 1963 and L/2313/Add.8, 25 March 1965)

The State-trading enterprises in Switzerland are exclusively concerned with imports of certain agricultural products. They were established and are maintained in order to promote the general objectives of Swiss policy with respect to agriculture and supplies.

1. Bread cereals, flour

1001.10	Wheat and meslin, undenatured
1002.10	Rye, undenatured
1101.10	Cereal flours: of wheat, rye, spelt or meslin
1102.12	Hard wheat meal

The Confederation is required under the Federal Constitution to promote wheat cultivation in the country and to buy good quality wheat suitable for milling at a price permitting economic cultivation. The Confederation must also maintain sufficient wheat reserves to ensure national supplies. It supervises trade in and prices of wheat, bread flour and bread.

The Federal Wheat Administration, which is responsible for implementing the measures, purchases home-produced bread wheat and sells it to the commercial millers at a price corresponding to the cost price of foreign wheat of the same quality, the losses borne by it as a result being made up by funds from the Federal Treasury.

The Administration itself can import wheat in order to build up or renew reserve stocks. It has a monopoly over imports of bread flour, but invokes this right only when necessary to regulate price formation. The Administration can issue permits to industries for imports of flour to be used for technical purposes, for the manufacture of products intended for export, and also for imports of hard wheat meal for the preparation of macaroni, spaghetti and similar products.

Price supplements are levied in order to tax feed products derived from wheat in the same way as if they had been imported as such. For this purpose the Swiss Co-operative Society for Cereals and Feeding Stuffs is the only body authorized to issue import permits, and does so without quantitative restrictions. Import permits for wheat are issued without restriction by the Swiss Co-operative Society for Cereals and Feeding Stuffs on condition that importers undertake certain commitments with regard to the formation of stocks for ensuring national supplies. For purposes of levying the supplements mentioned above, importers are required to hand over the merchandise at the frontier to the Swiss Co-operative Society for Cereals and Feeding Stuffs and to buy it back from the Society after the supplements have been levied.

2. Fodder cereals and feeding stuffs

ex 0515.01	Animal products n.e.s. (animal blood, powder of bird feathers, small fish, crustaceans, etc.)
0705.10	Kidney beans for animal feed for use in industry, for milling or for shelling
12	Peas, idem
14	Other dried leguminous vegetables, idem

ex 0706.01	Manioc root
ex 0805.20	Hazel nuts, walnuts, for extraction of oil (residues for animal feed)
ex 1001.10	Wheat and meslin, not denatured, other than for sowing
12	Wheat, denatured, for animal feed or for use in industry
1002.10	Rye, not denatured, other than for sowing
12	Idem, denatured, for animal feed or for use in industry
ex 1003.01	Barley for animal feed, for human consumption or for use in industry
ex 1004.01	Oats for animal feed or for human consumption
ex 1005.01	Maize, idem
1006.10	Rice, not worked
1006.12	Rice, husked, whether or not denatured, for feeding stuffs
1006.20	- broken rice, denatured
1007.01	Buckwheat, millet, canary seed and grain sorghum; other cereals for animal feed, for human consumption or for use in industry
ex 1101.12	Maize flour, not denatured, for animal feed
ex 14	Rice flour, idem
16	Oat flour, idem
1101.30	Fodder meal, denatured
ex 1102.10	Cereal groats and cereal meal, etc., of barley or oats, for animal feed; pearled barley for human consumption; oats, husked, for human consumption
ex 14	Cereal groats and cereal meal, etc., of rice and maize, for animal feed
ex 20/	
22	Of maize, in containers of not more than 5 kgs., for animal feed
30	Germs of cereals for animal feed or for oil extraction
1105.10	Flour, meal and flakes of potato, denatured (residues for animal feed)
ex 1201.10	Unroasted groundnuts for oil extraction (residues for animal feed)
ex 20	Copra for oil extraction (residues for animal feed)
ex 30	Colza seeds, linseed, hempseed, etc., for oil extraction (residues for animal feed) and for animal feed
ex 50	Other oilseeds and oleaginous fruit (residues for animal feed)
ex 1202.10	Flours or meal of linseed, for animal feed
ex 1203.20	Seeds of vetches and lupins, for animal feed
ex 1204.01	Sliced sugar beet, for animal feed
ex 1208.20	Locust beans, other than seeds, for animal feed

ex 1209.01	Cereal straw and husks, other than for industrial use
1210.10	Hay, whole
12	Hay, chopped or ground
ex 1405.20	Seaweed meal
ex 1501.20	Poultry fat, rendered, for animal feed
ex 1502.01	Unrendered fats, etc., for animal feed
ex 1503.01	Stearin, etc., for animal feed
ex 1506.10	Other animal fats, and oils for animal feed
ex 1507.10	Crude vegetable oils, for animal feed
ex 12	Vegetable oils, refined, etc., for animal feed
ex 1507.30	Other oils, crude, etc., for animal feed
ex 32	Other oils, refined, etc., for animal feed
ex 1512.10	Coconut oil and palm-kernel oil, for animal feed
ex 1512.14	Other animal or vegetable fats or oils for animal feed
ex 1513.01	Margarine, etc., for animal feed
1802.01	Coconut shells, husks, skins and waste for animal feed
ex 2106.20	Other yeasts, natural, for animal feed
2301.01	Flours and meals of meat, offals, etc., for animal feed
2302.01	Bran, sharps and other residues deriving from the processing of cereals, etc.
2303.01	Beet pulp etc., for animal feed
2304.01	Oilcake and other residues etc., for animal feed
ex 2306.10	Fruit marc for animal feed
2307.10	Sweetened forage
14	Fish solubles, etc.
ex 2307.20	Prepared animal feed containing milk powder or lacto-serum powder
2703.20	Peat litter

Price supplements are levied on imports of feeding stuffs in order to limit domestic livestock production, as livestock must be adjusted to the feed production of individual holdings, and of the country as a whole. In addition, the price supplements serve to finance measures to encourage domestic land cultivation and to widen markets for agricultural products.

The Swiss Co-operative Society for Cereals and Feeding Stuffs is responsible for levying price supplements and administering import quotas on certain feeding stuffs. At the frontier the Society takes over the goods from importers and sells them back again after levying a fixed price supplement. It is a public institution comprising all importers of cereals, feeding stuffs and

products from which feeding stuffs can be derived after processing. In exceptional cases the Society itself may import goods directly. With the exception of imports of less than 20 kgs. (gross weight), all imports are subject to permits issued by the Society on condition that importers comply with the Federal regulations on reserve stocks for ensuring national supplies and those concerning the taking over of potato surpluses. The Society grants its members individual quotas for the feeding stuffs subject to quota, within the framework of the global quota established by the Federal Council

3. Fats, oils and oilseeds for human consumption; skimmed milk powder

ex 0402.10	Dried skimmed milk
1201.10	Unroasted groundnuts
20	Copra
30	Colza seed, linseed, hempseed, sesamum seed
50	Other oilseeds and oleaginous fruit
ex 1501.20	Poultry fat, for human consumption
ex 1502.01	Unrendered fats; tallow (including "premier jus") for human consumption
ex 1503.01	Lard stearin, oleo-stearin and tallow stearin, for human consumption
1504.10	Fats and oils of fish and marine mammals, for human consumption
1506.10	Other animal fats and oils, for human consumption
1507.10	Coconut, palm-kernel and babassu oils, for human consumption: crude
12	Idem, refined or purified
20	Olive oil, in containers of more than 10 kgs.
22	Idem, in containers of 10 kgs. or less
ex 30	Other edible oils, crude for human consumption
ex 32	Idem, purified or refined, for human consumption
1512.10	Coconut oil and palm-kernel oil, hydrogenated, whether or not refined, for human consumption
12	Other animal or vegetable fats and oils, hydrogenated, whether or not refined, for the manufacture of edible fats
14	Idem, other
1513.01	Margarine and other prepared edible fats
ex 2307.20	Prepared animal feed based on milk powder or lacto-serum powder and other materials

Taxes are levied on imports of milk powder and edible fats and oils, including raw materials and semi-finished products used in the preparation of such oils and fats. Further, an additional charge is levied on domestic or imported milk derivatives intended for use as animal feed, in order to encourage the use of fresh milk for fattening calves. The proceeds from these charges are used to reduce the price of domestic dairy products and edible fats and to widen their markets.

For purposes of levying the price supplements, importation of these commodities comes under the sole competence of the Swiss Co-operative Society for Cereals and Feeding Stuffs. It does not carry out imports by itself but controls them with a view to the levying of the price supplements, in the following manner.

Since in the case of oilseeds a price supplement is also levied on feeding stuffs (residues resulting from the extraction of oil), the same procedures as applied to feeding stuffs are applied to oilseeds: the Society issues import permits without quantitative restrictions, the only requirements being that goods must be sold to the Society by importers at the frontier and then bought back again after the price supplement has been levied.

With respect to edible fats and oils and skimmed milk powder, the Society allows import permits to be issued without restrictions by the Import/Export Service, subject to payment of the price supplement.

4. <u>Butter</u>

0403.10	Fresh butter, unsalted
12	Salted butter, melted butter, etc.

The Swiss Butter Supply Board (BUTYRA) is responsible for ensuring regular butter supplies throughout the country and to widen the market for the product. The Board comprises bodies and firms normally engaged in wholesale trade in butter. BUTYRA takes over domestic butter which remains unsold in the free market at a price corresponding to the guaranteed price for milk. It sells the butter at the wholesale price fixed by the Federal Council with the aid of funds made available for this purpose.

BUTYRA has the exclusive right to import butter and do so to the extent that domestic production fails to meet requirements for the various qualities in demand. On imported butter, it levies a charge corresponding to the difference between the cost price (including overhead expenses) of imported butter and the wholesale price of domestic butter, the proceeds being used to reduce the price of home-produced butter.

5. Alcohol

2208.10	Ethyl alcohol, undenatured, of a strength of 80° or higher, consigned direct to the Federal Alcohol Administration
12	Idem, other
20	Ethyl alcohol, denatured or intended for denaturation
2209.10	Spirits (other than those of heading No. 2208), consigned direct to the Federal Alcohol Administration
12	Idem, other
20	Wine brandies, in casks
22	Whiskey and gin, in casks
24	Other brandies, in casks
30	Wine brandies, in bottles
32	Whiskey and gin, in bottles
34	Other brandies, in bottles
40	Liqueurs and other sweetened spirituous beverages, whether or not aromatized
50	Compound alcohol preparations, (known as "concentrated extracts"), for the manufacture of beverages

The alcohol monopoly of the Confederation was introduced primarily for public health reasons, and aims at reducing alcohol consumption by encouraging the cultivation of dessert fruits and the non-alcoholic utilization of raw materials.

The Confederation has the exclusive right of preparing, importing and processing distilled beverages. The Federal Alcohol Administration operates this monopoly. Although it has an import monopoly, the Federal Alcohol Administration does not import directly all quantities of brandy, but merely alcohol with a high alcoholic content. The import volume is determined in accordance with the requirements of the home market.

The Administration issues import permits, without quantitative restrictions, for brandy with an alcohol content of between 75 and 80 per cent by volume. Brandies, liqueurs and so forth of a strength of less than 75 per cent of alcohol by volume may be imported without permit. In both cases, however, a monopoly duty is levied. The Administration itself does not produce alcohol, it grants manufacture concessions to private persons.

6. Seed potatoes (BTN No. 0701.40)

In order to ensure adequate direct supplies and to control the choice of varieties, and also in order to combat the main potato diseases, the importation of seed potatoes is subject to control by the Agricultural Division, which takes appropriate measures.

The Agricultural Division issues import permits within the limits of a quota fixed according to quantity and variety on the basis of requirements, after consultation with the representatives of producers and traders. Importers can be required to take over a certain proportion of home-produced seed potatoes.

B. Subsidies

(Ref. L/2601/Add.12, 26 July 1966)

1. Milk and dairy products

(a) General

Contributions to costs of cattle owners in mountain areas were granted in 1965 in the amount of Sw F 50 for the first ten head of cattle in mountain zone I, Sw F 100 in zone II and Sw F 150 in zone III.

(b) Butter (see also section A, paragraph 4)

The following kinds of subsidies, which may be applied simultaneously, are designed to encourage the sale of butter on the domestic market:

(i) The Confederation pays a subsidy to the butter centres to enable them to sell table butter without loss at the prices fixed by the Federal Council: the Confederation grants the requisite funds to BUTYRA so that fresh or melted cooking butter can be sold at a reduced price; the amount of the price reduction, and consequently the losses incurred, vary according to the use made of the butter (household, trade, industry) and its quality.

(ii) BUTYRA pays certain marketing charges by means of the following subsidies: marginal supplements for the wholesale trade; and marginal supplements for collection.

(iii) BUTYRA shares in the cost of propaganda to encourage butter consumption.

The subsidies enable butter producers to sell it at prices corresponding to the price of milk which is fixed by the Federal Council. They also facilitate disposal on the domestic market. These measures have to a large extent prevented a shift in consumption trends towards competing products and have kept per caput consumption of butter at a high level (6.5-7 kgs.).

(c) Cheese

The "Union suisse du commerce de fromage S.A." (Swiss Cheese Trade Union) (USF), the organizations of milk producers and of cheese manufacturers and exporters, takes up the domestic production of hard cheese at fixed prices (Emmenthal, Gruyère, Sbrinz, i.e. 80 per cent of the total production) and resells it through private firms at the best prices obtainable. The deficit resulting from the operations of the USF is largely covered by the Confederation, which meets the entire amount of losses due to any increase in the base price of milk where market conditions have not made it possible to pass them on to the retail price of cheese.

Certain valorization expenses are also met by the Confederation with respect to other types of cheese that are not required to be delivered to the USF.

Owing to the subsidies it has been possible to ensure disposal of cheese on the domestic market and to maintain traditional exports. Switzerland does not impose either quantitative restrictions or taxes on cheese imports, despite the fact that selling prices of domestic cheese are higher than those of imported cheese.

(d) Preserved milk products

The export subsidy on preserved milk products compensates any rise in the base price of milk that cannot be passed on to the price of preserved milk products that are exported. It is paid on the basis of the quantity of milk used for the manufacture of such products. Since export prices are preserved milk products do not cover the production price of milk, the subsidies have been introduced to maintain traditional exports.

2. Breeding and dairy cattle

(a) Encouragement of sales within the country:

(i) In order to avoid difficulties which might be encountered in the disposal of breeding or dairy cattle from mountain areas, the Confederation grants subsidies to the cantons or authorized bodies that purchase cattle from stock breeders from those areas at markets, shows or fairs and thereby incur losses.

(ii) The Confederation reimburses part of their expenses to the cantons that pay subsidies to breeders in mountain areas for the slaughter of dairy or breeding animals that are of inferior quality or unfit to be kept.

(iii) The Confederation contributes to the cost of transporting animals from remote mountain districts.

(b) Maintenance of traditional exports

Subsidies are granted in order to bring the prices of animals into line with those prevailing in the traditional export markets for Switzerland. The contributions are payable up to a fixed maximum; they are calculated as a percentage of the selling price and are subject to a uniform supplement per animal. In addition, the Confederation pays the cost of transport as far as the Swiss frontier. The above subsidies are financed out of the proceeds of the price supplements levied on imported fodder, and out of the general funds of the Confederation.

3. Wool

The Domestic Wool Board, which is composed of wool producers and representatives of the wool industry, organizes the purchase of domestic wool from producers, and its taxation and taking over by the wool industry. The Board purchases domestic wool at prices fixed by the Federal Department of Public Economy on the basis of average production costs, and sells it to industry at world market prices. The Confederation refunds any difference in price to the Board. The subsidy is financed out of the price supplement levied on imported fodder and, if necessary, out of the general funds of the Confederation.

The subsidy improves the modest income level of mountain farmers and helps to prevent a decline in the number of sheep. Domestic production covers only about 2 to 3 per cent of consumption. Imports are free of restrictions and exports do not consist of domestic wool.

4. Eggs

No import quotas are applied on eggs or egg products. On the other hand, importers of fresh eggs are obliged to take up domestic eggs, to the extent of 30 per cent of their imports in the two preceding years. A charge is levied on imports of eggs and egg products and the proceeds from it are primarily used to reduce the price of domestic eggs taken over, whether on a compulsory or a voluntary basis, by the importers. The reduced take-over prices and the producer prices for eggs are fixed by the authorities.

The taxes levied on imported eggs and egg products are paid into The Eggs and Egg Products Price Compensation Fund, which has no other source of revenue. The Fund pays subsidies to the organizations responsible for collecting domestic eggs, and contributes to the cost of collection, transport and distribution of domestic eggs. It also contributes to the cost of propaganda to encourage egg consumption and can - as was the case in 1964, when over abundant supplies of low-priced foreign eggs were offered on the Swiss market - make grants for other measures designed to facilitate disposal of domestic eggs.

The subsidy helps import traders to take over domestic eggs collected by the organizations formed for this purpose. Such take-overs affect approximately 22 per cent of total domestic production. The share of domestic production in total egg consumption is substantially lower at present than a decade ago (1954: 71 per cent) and varies between 56 and 59 per cent.

5. Breadgrains (wheat)

Subsidies are granted on wheat cultivated on steeply sloping land situated outside the mountain areas. The subsidies aim at keeping an area under wheat and thereby ensuring national supplies in times of difficulty and relieving the pressure on animal production. In addition, they are designed to ensure a fair return to farmers. Since 1 January 1960, the import of bread wheat has no longer been subject to a State monopoly and is free of any quantitative restrictions. The Wheat Administration buys domestic good quality bread wheat at prices which cover average costs of production and are fixed by the Federal Council. Commercial millers buy this wheat at prices corresponding to the cost price of foreign wheat of the same quality. The difference between the prices paid to producers by the Federal Wheat Administration and the proceeds from the sale of domestic wheat is charged to the Government's account.

A producer who uses home-grown wheat on his farm is entitled to a milling bonus. The bonus is fixed in such a way that bread made by the producer costs him about as much as he would pay at a bakery.

6. Feedgrains (oats, barley, maize, etc.)

(a) Because of the fact that the growing of feedgrains leads to expenditure higher than that involved in the purchase of similar imported grains, cultivation bonuses in proportion to the area under cultivation are paid to domestic producers of oats, barley, maize and three other local species of feedgrains.. The allowances consist of a basic bonus and of supplementary bonuses for the mountain zone. They are fixed annually before the spring sowings, the cost being covered by the price supplements levies on imported fodder.

(b) In addition, allowances are paid to importers of fodder who purchase domestic feedgrains from a merchant or producer. These subsidies cover transport and marketing costs for domestic feed grains.

7. Colza seeds

The measures for the encouragement of colza cultivation are aimed at maintaining a minimum area under oilseed cultivation. Domestic production covers only 6-7 per cent of Swiss consumption of vegetable oils and fats. Each year the Federal Council fixes the area in respect of which it guarantees to producers the purchase of the colza crop. The Federal Department of Public Economy makes arrangements with the organizations concerned for the conclusion of cultivation contracts with producers. It concludes agreements with the oil processing plants concerning the purchase of the crop, the processing of the seed and the disposal of the oil. The selling price of colza oil is fixed in relation to prices of other edible oils. The Confederation reimburses to the oil processing plants any loss resulting from the difference between their production costs and the selling price of colza oil.

8. Sugar beet

In order to enable the sugar refineries to purchase at prices fixed by the Federal Council the sugar beet produced in accordance with the cultivation contracts concluded with the planters, the Conferation grants a subsidy in the form of a guarantee against any deficit. The price of sugar beet corresponds to the cost of production in efficient agricultural undertakings. The import of sugar is free. The sugar refineries, therefore, have to sell sugar refined in Switzerland at the price prevailing on the free market, and this might involve a loss when the world price is very low. Since 1 October 1964, the Federal Council fixes the proportion of Federal participation in any deficit incurred by the sugar refineries, but the amount thereof must not be in excess of Sw F 15 million per annum for the two refineries together; and in exceptional circumstances Sw F 20 million.

Owing to the Confederation guarantee, the sugar refineries are able to process domestic sugar beet even when world sugar prices are extremely low, with a view to ensuring Switzerland's supplies in time of emergency. Since the second refinery came into operation, about 20 per cent of total sugar consumption is covered by domestic production.

9. Potatoes

The price of potatoes at the production stage is fixed each year before the beginning of the main harvest, on the basis of the average cost of production and having regard to the utilization of surpluses. The subsidies aim at ensuring the utilization of the entire potato crop for food and fodder and at preventing its distillation, and are financed out of the revenues of the Alcohol Administration and the general funds of the Confederation.

The subsidies take the following forms:

(i) Subsidies for the transport of ware potatoes, seed potatoes and potatoes for fodder, as well as potato products

(ii) Sale of ware potatoes at reduced prices to needy persons

(iii) Subsidies to reduce the price of domestic seed potatoes

(iv) Subsidies for the utilization of surpluses, in the form of subsidies on exports and for making potato flakes and flour for use as fodder. After consultation with the representatives of the principal exporting countries, the export price is adjusted to the price current in other countries

(v) Information, publicity, etc.

Domestic production has covered the country's requirements (apart from new potatoes and seedlings) and the subsidies serve mainly for the utilization of surpluses. The export subsidies also form part of the measures to stimulate the utilization of surpluses.

10. Fruit

The subsidies on fruit aims at reducing the production and consumption of spirits and encouraging the production of dessert fruits.

The subsidies are granted in different ways according to their nature.

(a) The subsidies aimed at influencing production by adjusting the number of trees to the market situation, by making cultivation more efficient and by improving the quality of fruit, are granted in co-operation with the cantons. They are only granted to cantons which themselves take corresponding measures.

(b) (i) The Federal Alcohol Administration pays 50 per cent of the expenses of information and publicity to encourage fruit consumption. The remaining 50 per cent is paid by the business groups concerned (producers, user undertakings, importers).

(ii) As a general rule, the Administration takes responsibility for transport costs and part of the loss on sales of fresh fruit at reduced prices to needy persons. The mountain population has the benefit of a further reduction.

(c)(i) Surpluses are in most cases utilized in industry; first of all, the utilization must be for non-alcoholic purposes. The Alcohol Administration partly guarantees to factories making concentrated juices the cost of manufacturing such juices. This guarantee only comes into play, however, when the concentrated juices have to be sold in the trade at less than the cost of production.

Export subsidies may be granted in particular cases for cider-making fruits when the surpluses cannot be used otherwise. The same applies to concentrated juices, in the case of which, however, producers must bear 10 per cent of the loss.

(ii) The Agriculture Division has paid these subsidies which are only granted in bumper crop years. The granting of subsidies pursuant to (c) (i) and (ii) is conditional on observance of the indicative prices fixed by the Federal Council for these fruits.

11. Wine, grape juice, dessert grapes

Subsidies have been granted for the following measures aimed at encouraging disposal of the harvest:

(a) Optional purchase by importers of 6.4 million litres of white wine from French-speaking Switzerland, from the 1963 and 1964 harvests. The subsidy for optional purchase is paid to the proprietors of the domestic wine who supply it to importers. The subsidy covers the difference between the price payable to the vendor and the price to be paid by the importer, together with certain costs (transport, inspection, storage, etc.). The wine concerned must be used for the following purposes: blending with imported ordinary red wines; sale under the unified appellation "Chasselas romand" or "Chasselas de Romandie".

(b) Propaganda to encourage consumption of wine, dessert grapes and grape juice. Contributions to propaganda costs are paid to the Swiss Agricultural Products Propaganda Office, the cantonal propaganda offices and the Society of Swiss Wine Exporters.

(c) Non-alcoholic consumption of grapes (dessert grapes and grape juice). Subsidies for the non-alcoholic utilization of grapes are granted to grape importers and grape juice manufacturers, on condition that they pay for the goods at the fixed rates. All price reductions achieved by means of these subsidies must be passed on to the consumer.

UNITED KINGDOM

A. State Trading

(Ref. L/2593/Add.6, 20 May 1966)

1. Coal

The production and supplies of coal are monopolized by the National Coal Board with the exception of coal mined on a small scale. The National Coal Board has no legal monopoly of the import of coal, but in practice only the Board has imported on any significant scale. Solid fuel exports are free of export control.

2. Jute goods

(Jute yarn, jute cloth, jute sacks and bags, except heavy bags, common sacking and wool packs and common hessian up to 45 ins. in width, weighing not less than 6½ ozs. and not more than 9 1/4 ozs. per square yard.)

State trading in jute goods, which is administered by the Jute Control, has the effect of affording protection to the United Kingdom jute industry against India and Pakistan. The Jute Control is empowered to import the above jute goods from any source but confines its trade to imports from India and Pakistan. It is the sole importer of the products from these countries.

B. Subsidies

(Ref. L/2326/Add.1, 6 March 1965)

1. Price guarantees

The price guarantees are in general implemented through deficiency payment schemes whereby the national average market price is made up by Government payments to the level of the guaranteed price.

(a) Fatstock (fat cattle, fat lambs and sheep and fat pigs)

A deficiency payments scheme administered by the Agricultural Departments enables producers to receive a subsidy payment on fat cattle, fat lambs and sheep and fat pigs which have been sold and which have been certified as eligible under the Fatstock Guarantee Scheme. Eligibility is based on certain standards of weight and conformation. The guarantee is varied according to a seasonal scale of standard prices for cattle and sheep, and according to feed costs for pigs. The guarantee for fat pigs is further varied according to the number of

animals estimated to be coming forward in each year. Payments for pigs are calculated weekly and are, in broad terms, the difference between the average market price and the standard price for that week but these payments are reduced when the market price is low and increased when it is high. Fat cattle and bacon pigs reaching certain standards of quality attract higher subsidy payments.

The Government decided that standard quantity principle, which already applied to most other guaranteed commodities, should be extended into the guarantee arrangements for fatstock and cereals (see 1(d) below), provided that this could be coupled with agreed arrangements for the regulation of imported supplies. Accordingly a bacon market sharing understanding was reached with overseas suppliers under which arrangements were made from 1 April 1964 for the phasing of supplies on to the United Kingdom market. (Domestic production already being subject to control by a flexible guarantees arrangement.)

(b) Eggs of hen and duck

The price guarantees for eggs are implemented by means of a deficiency payments scheme operated through a producers' marketing board. The subsidy is paid only on those eggs passing through the Board's packing stations. Eggs which are not sold through the Egg Marketing Board receive no subsidy payment; about 40 per cent of the total production is believed to be sold in this way or consumed by producers. Indicator prices have been fixed which represent the price which the Board would be expected to receive from a market that was not over-supplied. The basic deficiency payment is therefore limited to the difference between the guaranteed price and the indicator price. The Exchequer bears only a proportion (at present 50 per cent) of any deficit when the market price falls below the indicator price. The proportion decreases annually and by 1969 no part of any deficit between indicator and market prices will fall on the Exchequer. Correspondingly the Board is allowed to retain one third of the excess when the market price exceeds the indicator price. For hen eggs, the Board will receive additional payments when, due to imports rising above a predetermined norm, the market price falls below the indicator price.

(c) Wool

The price guarantee for wool is implemented by means of a deficiency payments scheme operated through a producers' marketing board, which is responsible for marketing all fleece wool produced in the United Kingdom. The wool is sold by public auction and if the realized price is in excess of the fixed guaranteed price the excess is paid into a price stabilization fund. If the realized price is less than the fixed guaranteed price the deficiency is met from the price stabilization fund and if the fund is exhausted any further deficiency is met by the Government. A form of profit and loss sharing between the Government and the Board provides an incentive to efficient marketing.

(d) Cereals (wheat, barley, oats, rye and mixed corn)

The price guarantees for wheat, barley, oats and rye are implemented through a deficiency payments system administered by the Agricultural Departments. On 1 July 1964 standard quantities and target indicator prices (the latter related to the minimum import prices) were introduced for wheat and barley. In broad terms these arrangements operate so as to reduce the deficiency payment per unit when production is above the standard quantity on a weak market and increase the deficiency payment when production is below the standard quantity on a strong market. The standard quantity arrangements were introduced as a counterpart to the minimum import price system introduced at the same time. The minimum import prices, supported as necessary by variable levies, provide for supplying countries to co-operate in the system by themselves observing the minimum prices, and most have concluded agreements with the United Kingdom to do so. For oats, rye and mixed corn individual producers receive a payment representing the difference between the national average market price and the guaranteed price. Payments to growers of wheat and rye are based on the quantity of millable grain for which a certificate has been issued by an authorized merchant as sold and delivered. For barley and oats the deficiency payment per cwt. is converted to a rate per acre and payments are made according to individual growers' acreages without reference to sales. Certain crops of mixed corn are eligible for payment at the rate for oats (or at only 70 per cent of the acreage in the case of cereals mixed with pulse).

(e) Potatoes

The price guarantee for potatoes is implemented in Great Britain through a producers' marketing board and takes the form of a deficiency payment payable to the board in any season in which the average market price obtained by growers for potatoes (other than new potatoes, i.e. potatoes delivered before 1 August in the year of harvesting) sold for human consumption falls below the guaranteed price. The deficiency payment is limited to the tonnage of home-produced potatoes (other than new potatoes) estimated to have been sold for human consumption in the United Kingdom. Seven eighths of the total United Kingdom deficiency payment go to the board and one eighth to the Ministry of Agriculture for Northern Ireland, who operate their own arrangements. To strengthen the market in years of surplus a Market Support Fund, to which the Government and the Potato Marketing Board both contribute, has been established for Great Britain and similar arrangements have been made to cover Northern Ireland.

(f) Milk

A guaranteed price for a limited quantity (related to liquid consumption) of cows milk is determined each year. This guarantee is implemented through the five producers' marketing boards covering separate regions of the United Kingdom. Milk sold for liquid consumption is subject to a Government controlled maximum retail price.

Since the beginning of the financial year 1962/63 the maximum price has been fixed at a level which results (taking one year with another) in the consumer meeting the cost of the guarantee. Under this new policy, apart from fixing the retail price the Exchequer acts largely as a stabilizing agent, receiving surpluses and meeting deficiencies in different years and balancing accounts between the various regional boards. The guarantee arrangements do not, therefore, in the view of the United Kingdom constitute a subsidy under the terms of Article XVI.

(g) Sugar beet

A guaranteed price for sugar beet is determined each year. However, the guarantee arrangements for sugar beet do not, in the view of the United Kingdom and for the reasons outlined in the notification of 19 August 1959 (L/1131), constitute a subsidy within the terms of Article XVI.

2. Farming grants and subsidies

In addition to the price guarantees for the commodities referred to above, assistance is also given to the farming industry by way of various schemes designed to encourage the development of agricultural efficiency by improving farm equipment and machinery, land and livestock. The principal grants and subsidies are as follows:

(a) Fertilizer and lime subsidies

Grants are provided (at varying rates not exceeding 50 per cent of the cost) to assist farmers in the purchase of nitrogenous and phosphatic fertilizers. Farmers can also obtain a refund of 65 per cent of the cost of liming the land to improve soil fertility.

(b) Calf subsidy

To stimulate the rearing of calves suitable for beef production, schemes are made to enable subsidy to be paid for suitable calves at the rate of £9.15.0d. for steers and £7.10.0d. for heifers.

(c) Ploughing grants of £5 per acre are available for land that has been under grass for not less than three years, to encourage the regular ploughing up and extended use of leys. An increased rate of £12 may be paid on land which has been continuously under grass since before 1 June 1952.

(d) Farm improvement scheme

Grants of one third of the cost are available to the owners and occupiers of agricultural land towards the cost of improving certain kinds of fixed equipment, including farm building roads, fences and electricity supply; grants of one third are also made towards the incidental cost of amalgamating uneconomic holdings.

(e) Assistance for small farmers

To establish on a firm basis small farm businesses whose main handicap is lack of working capital, grants are offered to small farmers who carry out approved three, four or five-year improvement plans. The limit is £1,000 for any one farm business plan.

(f) Eradication of bovine tuberculosis

Bonuses are paid to farmers in Great Britain towards the initial capital costs of eradicating bovine tuberculosis from their herds. Payment takes the form of either rates per gallon of milk produced or, at the farmer's option, at rates per head of cattle. Payments now decline annually as entry into this scheme has almost ceased since 1 March 1960, when the last eradication areas were declared. A similar scheme is in operation in Northern Ireland.

(g) Hill cow subsidy

To encourage the production of breeding cattle on hill farms, payment of £12 has been made per head on cows and in-calf heifers in regular breeding herds maintained on hill farms or land used for livestock rearing throughout the year.

(h) Farm drainage grants

Grants of 50 per cent of the cost of approved schemes for ditching and field drainage are made.

(i) Livestock rearing land improvement grants

Fifty per cent of the cost of comprehensive improvement of hill livestock rearing farms is paid. Final date for the submission of schemes was 5 November 1963.

(j) Hill sheep subsidy

The Hill Sheep Schemes are designed to stabilize the income of hill sheep farmers at a reasonable level in order to encourage them to maintain foundation flocks of hardy hill sheep.

(k) Special assistance to Northern Ireland

Payments are made to the Northern Ireland Exchequer by the United Kingdom Exchequer for expenditure on approved schemes to or for the benefit of Northern Ireland producers. These payments are intended to compensate Northern Ireland producers for their remoteness from the main markets in the United Kingdom.

(l) Water supply grants

Twenty-five per cent and 40 per cent of the cost of providing water supplies to farms are paid as grants.

(m) Grants for agricultural development in Northern Ireland

Payments are made on drainage, water supply and other schemes out of Northern Ireland funds.

(n) Silo subsidies amounting to about half the cost of approved projects, up to a maximum of £250 a farm, are available for constructing and improving silos for conserving grass and fodder.

(o) Grassland renovation scheme

Grants of £4 per acre will be paid for approved programmes of improvements to permanent grassland which is at least seven years old.

(p) Winter keep schemes

Grants will be paid on specified crops grown as winter keep on predominantly livestock rearing land. In England, Wales and Northern Ireland flat rate grants of £3 per acre will be payable; in Scotland there will be three levels of grant (50s., 70s. and 100s.) differentiating in favour of poorer quality land but averaging approximately £3 per acre.

(q) Market development scheme

Grants are payable to encourage research and development in the marketing of agricultural and horticultural produce. The scheme was introduced for an experimental period of three years, ending 31 March 1965, but powers are available to extend the scheme beyond that date.

3. Horticulture

(a) The horticulture improvement scheme, 1964, provides for grants, to growers, their landlords and horticultural marketing co-operatives, of one third of the approved cost of certain improvements in facilities for the production,

storage, preparation for market and transport of horticultural produce. Approval is given only to improvements that will result in worthwhile benefit to the efficiency of the business.

(b) The small horticultural production business scheme, 1964, is intended to help small growers to improve the efficiency of their businesses. The grant is a contribution to the working capital needed while they are carrying out an approved three-year programme of reorganization or improvements. The grant is at the rate of £50 per acre of "eligible land" up to a maximum of £500, and is payable in four instalments over the three years of the approved programme.

(c) Grant for grubbing orchards

A third of the cost of clearing orchards planted originally for profit but which are now producing only poor quality fruit is paid as a grant.

(d) Grants to horticultural marketing co-operatives

Grants are available to central bodies (for example, the Agricultural Central Co-operative Association Ltd.) whose purpose is organizing, promoting or developing horticultural producers' marketing co-operatives, towards the cost of approved programmes designed to assist in achieving that purpose. The grants are used mainly to help in the formulation of horticultural co-operatives. Similar grant-aided advice is available to established co-operatives who may also get grants towards the cost of employment of managers. Rates of grants range from 33 1/3 per cent to 100 per cent over varying periods of up to three years.

Working capital grants are made to newly set-up horticultural producers' marketing co-operatives, towards their initial expenses (excluding building and land), until such expenses can be met out of income. These grants may also be used to help finance the expansion or an increase in the efficiency of existing co-operatives. Grants under this provision are available up to a maximum of one third of the estimated expenses of carrying out an approved programme.

(e) Credit

Grants are made towards the expenditure incurred by a body in fulfilling its guaranteeing of loans made by banks to any persons carrying on a horticultural business.

4. Fisheries

The subsidies consist of the following:

(a) The white fish and herring subsidies are paid in respect of white fish and herring landed in the United Kingdom from vessels registered in the United Kingdom or voyages made by such vessels for the purpose of catching white fish or herrings and landing them in the United Kingdom.

(i) White fish subsidy is paid by one of the following two methods:

at 1s.3d. a stone for gutted and 1s.0d. for ungutted fish (except ungutted fish not sold for human consumption for which the subsidy is 6d. a stone) landed and sold otherwise than by retail from vessels under 60 feet in length (with the exception of seiners which normally make voyages of eight days or more); and

at a flat rate per day at sea, which varies between £6 and £12.15.0d., according to the length of the vessel for vessels other than coal burners over 60 feet and to seiners under 60 feet which normally make voyages of eight days or more. Special supplementary payments are made in addition to these to certain classes of vessels of 80 feet or over which are in particular financial difficulties. These payments vary between £2 and £8 a day according to the length of the vessel, its method of propulsion, and the port from which it fishes.

(ii) Herring subsidy is paid by one of the following two methods:

at 6d. a stone of herring landed from vessels under 40 feet; and

at a flat rate per day at sea, which varies between £6.10.0d. and £13 according to the length of the vessel for vessels over 40 feet.

(iii) The grant payable towards the cost of a new vessel 80 feet in length or over is 25 per cent of the total cost with a maximum of £80,000 or £110,000 in the case of a freezer trawler. The grant for a vessel under 80 feet and for an engine for such a vessel is 30 per cent of the total cost up to a maximum of £13,000 for a new vessel and £2,500 for a new engine.

(b) Grants for the acquisition of new fishing vessels and engines

These grants are intended to encourage and speed up the modernization and reconstruction of water fleets. Except for vessels under 80 feet in length and engines for them, grants will in future be mainly confined to vessels built to replace old vessels roughly on the basis of the one new vessel for two old ones scrapped.

5. Forestry

The Forestry Commissioners are empowered, subject to Treasury approval, to "make advances by way of grant or by way of loan ... upon such terms as they think fit, to persons (including local authorities) in respect of the afforestation (including the replanting) on land belonging to those persons".

Financial assistance to encourage the expansion of private commercial forestry in the United Kingdom is given to owners of woodlands on the following basis:

(i) Where the owner dedicates his woodland permanently to forestry, a grant of up to 25 per cent of his operating losses until the woodland becomes self-supporting or, alternatively, £22.12.0d. per acre for planting plus an annual management grant of 20s.3d. per acre for the first 100 acres of eligible land, 13s.9d. per acre for the second 100 acres and 8s.9d. per acre for the remainder.

(ii) A grant of £22.12.0d. per acre for planting woodlands not suitable for dedication.

(iii) Where woodlands are considered suitable for dedication and the owner has not dedicated but is working to a plan of operations approved by the Forestry Commissioners, the planting grant of £22.12.0d. per acre referred to in (i) in respect of any planting carried out in the woodlands.

6. Films

The receipts of British films are augmented from a Fund (the British Film Production Fund) which derives its revenues from a levy payable on cinema admissions. The scheme ensures that a reasonable amount of British film production continues to come forward.

Under the scheme, the levy is currently assessed at the rate of one ninth of the amount by which any payment for admission exceeds eleven pence. At the same time provision is made for exemption from levy where the total receipts at a cinema in any week are less than £300. Overall payments into the Fund at present amount to some 7 per cent of total box office receipts.

The proceeds of the levy are divided between British films in proportion to their box office success in the home market. Overall, about one quarter of British film producers' receipts from all sources at home and abroad come from the levy.

UNITED STATES

A. State Trading

(Ref. L/1949/Add.1, 15 February 1963)[1]

1. Atomic energy and special nuclear material (fissionable material, by-product materials as defined in 42 USC 4014e (radioactive isotopes), and heavy water).

In order to safeguard the public health, welfare and security, the Atomic Energy Act provides for full Government control of the possession, use and production of atomic energy and special nuclear material. The Atomic Energy Commission engages in the production and storage of fissionable materials, and is authorized to distribute by-product materials to certain applicants.

Fissionable materials such as enriched uranium and plutonium are imported on a government-to-government basis. By-product materials for research, therapeutic and industrial purposes are sold for export directly by private contractors who operate the AEC - owned facilities, as well as to private domestic firms, who may further process the materials or export them through normal commercial channels. Export licensing is under the control of the AEC.

Materials such as ores are imported by the AEC, but only for its own operations and not for resale for commercial purposes.

B. Subsidies

(Ref. L/2601/Add.13, 29 August 1966; L/2475, 29 September 1966; L/2601/Add.14, 16 November 1966)

The United States continues to use three general types of export subsidy programmes for agricultural commodities and products thereof. These are: payments under Section 32, Public Law 320, payments on export sales under the International Wheat Agreement, and sales by the Commodity Credit Corporation at less than the domestic market price.

1. Export payments under Public Law 320, Seventy-Fourth Congress, Section 32

Section 32 provides a continuing appropriation which may be used to encourage the exportation of agricultural commodities and products thereof, to encourage the domestic consumption of such products, and to re-establish farmers' purchasing power by making payments in connexion with normal production of any agricultural commodity for domestic consumption.

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[1] For information on the activities of the Commodity Credit Corporation, see section B, paragraph 3 below.

(a) Tobacco leaf

The payment-in-cash export programmes for tobacco from 1956 and earlier crops pledged to the Commodity Credit Corporation as loan collateral were completed in fiscal year 1965. Only 9 million pounds, less than 2 per cent of United States tobacco exports, were shipped under this programme in fiscal year 1965.

The United States Department of Agriculture broadened tobacco export provisions in June 1966 to extend export payments of 5 cents per pound on most kinds of tobacco leaf. The export payments were adopted to keep, within the range of recent averages, the United States share of the world market which has continued to decline in the past decade.

(b) Poultry

A new export programme under Section 32 was initiated on 22 September 1965, involving payments-in-cash on exports of United States Grade "A" whole frozen chickens to Austria and Switzerland. The programme was temporarily suspended in February 1966 due to changed market conditions.

The purpose of the programme was to recover for the United States its share of poultry sales to Austria and Switzerland, which had declined because of subsidy practices of some third country poultry exporters.

2. Payments of export sales under the International Wheat Agreement

The United States made export subsidy payments on wheat and wheat flour exported under the International Wheat Agreement consistent with the benefits and obligations under that Agreement. Rates on both wheat and wheat flour were established on a daily basis to take account of the difference between domestic prices and wheat agreement prices.

Payments issued in fiscal year 1965 totalled $34.1 million on the 129.5 million bushels of wheat including the wheat equivalent of flour exported under the International Wheat Agreement. This subsidy figure includes cash payments on exports of flour and the dollar value of payment-in-kind certificates issued in connexion with wheat exports.

3. Export sales at less than domestic market price

Some price-supported agricultural commodities cannot compete in foreign markets without some form of compensation to the exporter who purchases at the higher domestic price and sells in foreign markets at a lower world price. This compensation may be in the form of export payments in cash or in kind on exports

from commercial stocks or may consist of sales of Government-owned or loan stocks at competitive world prices. Export programmes are constantly under review, and modifications are made as a result of agricultural legislation as well as to meet changing supply and export demand situations.

The Food and Agriculture Act of 1965 (P.L. 89-321, 3 November 1965) continues to seek compatibility between domestic and world market prices, particularly for grains and cotton. For these commodities it provides for price support loan rates at levels that would support prices in the domestic market near the prevailing world market price and provides for direct payments to maintain farm incomes.

The export subsidies have been helpful in maintaining an equitable share for the United States in the world exports of the products in question, in reducing Government holdings of commodities and in maintaining farm incomes.

(a) Wheat and wheat flour

The legislation continues the 1965 voluntary wheat certificate programme through 1969 with some modification of programme provisions. For the 1966 crop, price support loans, at a national average of $1.25 per bushel, and domestic marketing certificates will be available to producers who comply with programme provisions.

Export market certificates will not be issued to producers on 1966 crop wheat. To avoid interference and to remain competitive in world trade, exporters will be required to purchase export marketing certificates whenever world prices are above the United States market price. Exporters will continue to receive assistance when United States prices are above world market prices. The value of export certificates will be established on a day-to-day basis to reflect the difference between the United States and world price levels.

Farmers co-operating in the 1964 wheat programme received a price-support loan of $1.30 per bushel (national average) and domestic and export marketing certificates. The domestic marketing certificates for the 1964 crop were valued at 70 cents and the export marketing certificates at 25 cents per bushel. For the 1965 crop, the loan rate was $1.25 per bushel and the value of the export marketing certificate was 30 cents per bushel. Payments issued in fiscal year 1965 totalled $11.1 million on 22.8 million bushels of wheat and wheat products.

(b) Cotton

The Food and Agriculture Act of 1965 authorizes a new programme for the 1966-1969 crops of upland cotton.

This legislation continues the one-price programme and also maintains the national and domestic allotment and price support concepts of prior years, but makes substantial changes in programme provisions. The new programme is designed to reduce cotton production, lower costs to the Government, and keep cotton competitive with man-made fibres and foreign production.

Price-support loans at approximately world price levels as well as price-support and acreage-diversion payments will be available to farmers who participate in the programme. With the exception of small farms, producers must divert at least 12.5 per cent of the farm cotton allotment to be eligible for price-support loans and payments, which are set by law for the 1966 crop at 21 cents per pound for loans (middling one inch cotton at average location) and 9.42 cents per pound for payments. This relatively low loan rate compared with prior years will facilitate the movement of United States cotton in domestic or export channels without an equalization or an export payment. While provision is made for allocating a limited acreage to those farmers who wish to produce cotton for export only, no price support will be available for cotton produced on a farm with such export acreage or on any other farm in which the producer with export market acreage has a substantial interest.

Prior to August 1964 the United States conducted "payment-in-kind" programmes for upland cotton under which subsidy payments were made to exporters who shipped eligible cotton. Beginning 1 August 1964, payments were made to handlers of cotton under a programme, authorized by the Agricultural Act of 1964, which made cotton available for export and domestic use at the same price. That programme was designed to expand domestic consumption of cotton produced in the United States and to maintain exports by the commercial cotton trade. Handlers who received payments thereby incurred obligations either to use the cotton in domestic consumption or to move into export outlets. The payment rate in fiscal 1965 under this programme was 6.50 cents per pound. Payments for cotton exported in fiscal year 1965 approximated $108 million for upland cotton. Commodity Credit Corporation-owned stocks of upland cotton were made available at export prices on a competitive-bid basis under a cash-sales-for-export programme. United States exports of cotton declined from 5,149,000 bales in fiscal 1964 to 4,491,000 bales in fiscal 1965.

(c) Rice

Exports of milled rice in fiscal year 1965 totalled $203 million. The average export payment was $2.22 per cwt. Total export payments under the Commodity Export Programme amounted to $43.5 million.

(d) Dairy products

Total exports of dairy products were valued at more than $200 million. The extent of subsidy payment varied among the various dairy products. The total payments on exports during fiscal year 1965 were approximately $38 million.

(e) Flaxseed and linseed oil

On 12 November 1964, the United States Department of Agriculture announced a payment-in-kind programme to move flaxseed and linseed oil into export channels from market supplies. The programme was not implemented until April 1965, when it was determined that the maintenance of flaxseed and linseed oil exports required payments. Exports of flaxseed during the last two months of the fiscal year were assisted by payments in kind.

The average payment on flaxseed exports was 14.6 cents per bushel. The weighted average payment for flaxseed and linseed oil was 10 cents per bushel in terms of flaxseed. Estimated total export payments under both the export sales and payment-in-kind programmes amounted to $0.4 million.

(f) Cottonseed oil

During September and October 1964, over 4 million pounds of refined cottonseed oil were exported to Italy for child-feeding programmes. The sale was made at 13.125 cents per pound, about 5.25 cents below domestic market price. The estimated total differential between the domestic market price and the sale price was $0.2 million.

(g) Peanuts

Approximately $12 million of the $13.5 million of shelled peanuts exported in fiscal year 1965 consisted of sales from Commodity Credit Corporation-owned stocks at less than the domestic market price of peanuts. The export payment for peanuts is the estimated differential between domestic market prices for edible purposes and the sales price. The total differential in fiscal year 1965 was $6.9 million.

EUROPEAN ECONOMIC COMMUNITY

The Common Agricultural Policy

References

(1) L/1771/Rev.2, 10 September 1962 and L/2245, 29 July 1964 - the EEC Council Regulations concerned with the Common Agricultural Policy.

(2) "Trade in Agricultural Products - Report of Committee II on consultations with the EEC etc." two volumes published by GATT in 1962 and 1965.

(3) L/2326/Add.10, 27 July 1965.

1. Cereals

(a)	ex 10.01	Soft wheat and meslin
	10.02	Rye
	10.03	Barley
	10.04	Oats
	10.05	Maize
	10.07	Buck-wheat, millet, canary seed and grain sorghum; other cereals
(b)	ex 10.01	Hard wheat
(c)	11.01 A	Flour of wheat, of spelt
	11.01 B	Flour of meslin
	ex 11.01 C	Flour of rye
	ex 11.02 A I	Cereal groats and meal
(d)	ex 11.01	Cereal flours
		ex C. of barley or oats
		D. of rice
		E. other
	ex 11.02	Cereal groats and cereal meal; other worked cereal grains (for example rolled, flaked, polished, pearled or kibbled but not further prepared), except husked, glazed, polished or broken rice; germ of cereals, whole, rolled, flaked or ground:
		ex A. Cereal groats and cereal meal; other worked cereal grains (for example rolled, flaked, polished, pearled or kibbled but not further prepared)
		ex I. of wheat (excepting cereal groats and cereal meal)
		II. of rye
		III. of other cereals
		(a) flaked barley and oats
		(b) other
		B. Germ of cereals, whole, rolled, flaked or ground

11.06	Flour and meal of sago and of manioc, arrowroot, salep and other roots and tubers falling withing heading No. 07.06
	A. of manioc B. other
11.07	Malt, roasted or not
ex 11.08 A	Starches
	I. corn starch II. potato starch: (a) intended for the manufacture of dextrins, glues, glazings or dressings (b) other III. of rice IV. other
11.09	Gluten and gluten flour
17.02 B	Glucose and glucose syrup
ex 23.02	Bran, sharps and other residues derived from the sifting, milling or working of cereals:
	A. containing more than 7 per cent by weight of starch B. other
ex 23.07	Sweetened forage; other preparations of a kind used in animal feeding:
	ex B. containing cereals or products to which this regulation applies.

2. <u>Rice</u>

(a)	ex 10.06 A	Rice in the husk
	ex 10.06 A	Rice in whole grains, not ground to remove the pericarp
	10.06 B	Rice in whole grains, ground to remove the pericarp, whether or not polished or glazed
(b)	10.06 C	Broken rice
(c)	11.01 D	Rice flour
	ex 11.02 A III b	Rice groats and meal
	11.08 A III	Rice starch

A system of variable import levies have been introduced by the member States of the EEC in respect of cereals, rice and derived products listed above. The levies have replaced all barriers to imports such as customs duties, charges with equivalent effect, quantitative restrictions, etc. previously maintained by these countries. The levies on imports from third countries are established at a height based on the difference between the prices on the world market and in the importing member States, but, at the same time, affording to the member States a certain preference resulting from the application of the Rome Treaty. This preference is achieved by reducing the intra-Community levy by a fixed amount determined so as to permit the gradual development of trade within the Community.

The levy system in respect of cereals, rice and derived products is supported by a system of prices consisting of target prices, threshold prices and intervention prices. Target prices are the prices necessary to maintain the guarantees for Community producers. They are fixed in each member State by the national government. These national target prices shall be progressively approximated in order to arrive at a common target price at the end of the transitional period. The intervention price, which is related to the target price, is the price which governs action of the intervention agencies of the member States and which affords producers the guarantee that the market price will at all times remain at a level as close as possible to the target price. The threshold price constitutes the link between the price system and the levy system.

The EEC Council Regulations concerned also provide for a system of import and export certificates for certain types of products, a refund system for exports to third countries, a safeguard clause, etc.

3. Pigmeat

(a)	01.03 A II	Live swine of the domestic species, other than pure bred for breeding purposes whatever their age.
(b)	02.01 A III a	Meat of swine, of domestic species
	ex 02.01 B II	Offals of swine of domestic species
	ex 02.05	Unrendered pig fat free of lean meat, fresh, chilled, frozen, salted, in brine, dried or smoked
	02.06 B	Meat and edible offals of swine, salted, in brine dried or smoked
	15.01 A II	Lard and other rendered pig fat, not intended for industrial use other than the manufacture of foodstuffs
(c)	ex 16.01	Sausages and the like of meat, meat offal or animal blood, containing pigmeat or offal
	ex 16.02 A II	Other prepared or preserved products of meat or offal containing pig liver
	ex 16.02 B II	Other prepared or preserved meat or meat offal, not specified, containing pigmeat or offal

4. Eggs

ex 04.05 A	Eggs of poultry, in the shell (fresh or preserved)
ex 04.05 B I	Eggs not in the shell and egg yolks, of poultry, for the use as food, fresh, dried or otherwise preserved, sweetened or not

5. Poultry meat

01.05	Live poultry
02.02	Dead poultry and edible offals thereof (except liver), fresh, chilled or frozen
02.03	Poultry liver, fresh, chilled, frozen, salted or in brine
15.01 B	Rendered poultry fat
ex 02.05	Unrendered poultry fat, fresh, chilled, frozen, salted or in brine, dried or smoked
ex 16.02 B I	Other prepared or preserved poultry meat or poultry offals

A system of import levies have been introduced by the member States of the EEC in respect of pigmeat, eggs, poultry meat and derived products listed above. As in the cases of cereals and rice, the levies have replaced all barriers to imports such as customs duties, charges with equivalent effect, quantitative restrictions etc. previously maintained by these countries. The levies are applied on imports from third countries and, during the transitional period, on imports from member States.

Production of pigmeat, eggs and poultry meat requires large quantities of coarse grain. The cost of these cereals constitute the greater part of total production costs. Therefore, the difference between production costs within and outside the Community is mainly determined by the difference in costs of supplies of coarse grains. The first object of the levies must, therefore, be a compensation of these differences so that a disturbance of the market caused by imports from a country where the prices of feedgrains are lower is avoided.

There are, however, other disparities in factors of production which equally are to be compensated. Furthermore, the spirit of the Rome Treaty requires the creation of a certain preference for the producer in the Community. These two requirements are met also by the levy system.

The stability of prices and evening out of fluctuations in production will finally be sustained by means of a sluice price. The level of the sluice price will be set in such a way as to protect the Community from imports at a price which bears no relation to the principal costs of production. The sluice

price shall, therefore, be determined by the Council on the basis of price of coarse grains in the world market and on a processing coefficient representative for the exporting third countries. During the transitional period a sluice price is also established for intra-Community trade in respect of pigmeat but not for eggs and poultry meat.

The EEC Council Regulations concerned also provide for a refund system for exports to third countries, a safeguard clause, etc.

6. Meat of bovine animals (beef and veal, etc.)

(a)	01.02 A II	Live animals of the bovine species, domestic, other than pure-bred for breeding purposes
	ex 02.01 A II	Meat of animals of the domestic bovine species, fresh, chilled or frozen
(b)	02.01 B II	Edible offals of animals of the domestic bovine species, fresh, chilled or frozen
	ex 02.06 C	Meat of edible offals of animals of the bovine species salted, in brine, dried or smoked
(c)	ex 16.01	Sausages and the like, of meat, meat offal or animal blood containing meat or offal of animals of the bovine species, excluding those containing meat or meat offal of swine
	ex 16.02 A II	Other prepared or preserved meat or meat offal containing liver of bovine animals, excluding those containing liver of swine
	ex 16.02 B II	Other prepared or preserved meat or meat offal n.e.s., containing meat or meat offal of animals of the bovine species, excluding those containing meat or meat offal of swine
(d)	ex 15.02 B	Unrendered fats of bovine cattle; tallow (including "premier jus") produced from those fats, excluding those intended for industrial purposes other than the manufacture of foodstuffs

The system, designed to achieve a common organization of the market for meat of bovine animals, is different from the mechanism adopted for other products, although certain provisions are similar or identical. The basic measure applied at the frontier is the customs duty; as regards intra-Community trade, the duties will be reduced more rapidly than according to the general provisions on tariff reduction in the Rome Treaty. The principal element of the price system is the guide price, which has a somewhat different function than, for example, the target price in the case of cereals, etc. The protection of the guide price is ensured by the customs duties, supplemented by a system

of import levies. The guide prices are furthermore protected by means of a system of market interventions. The new trade system replaces in principle the various non-tariff measures previously applied by the individual member States. The EEC Council Regulation concerned also provides for a system of import certificates for certain types of meat, a refund system for exports to third countries, a safeguard clause, etc. A gradual approximation of the national guide prices and the progressive reduction of the intra-Community tariffs will eventually result in achieving a single market before the end of the transitional period.

7. Milk and dairy products

(a)	04.01	Milk and cream, fresh, not concentrated or sweetened
(b)	04.02	Milk and cream, preserved, concentrated or sweetened
(c)	04.03	Butter
(d)	04.04	Cheese and curd
(e)	17.02 A	Lactose and syrup of lactose
(f)	23.07	Sweetened forage; other preparations of a kind used in animal feeding
	ex B: other	- Preparations containing 50 per cent or more by weight of powdered milk, or Other preparations containing products of items 04.01, 04.02, 04.03, 04.04, or 17.02A, other than the preparations mentioned in the Annex to Regulation No. 19 of the Council

The provisions of the EEC Council Regulation on milk and dairy products aim at the progressive establishment of a common organization of the dairy market which is to be fully effective by the end of the transitional period at the latest, i.e. 31 December 1969. The market organization is based on a system of variable import levies, a price system and a system of interventions. These three systems are closely linked. The price system and the intervention system apply to all products; the trade régime however, in its present form, does not apply to fresh milk and cream (item 04.01), which will be governed by separate regulations to be drawn up at a later stage.

National subsidies

In view of the fact that member States have in recent years devoted to the dairy sector considerable public funds, which in 1963 amounted to some 500 million units of account, it was considered impossible to suddenly abolish these practices without causing a disturbance to the dairy economy of the Community. On the other hand, in the final stage the price objectives in the Community will have to be attained by the market policy only, excluding the

grant of direct subsidies to milk production. Therefore, the existing direct subsidies, either linked with specific dairy products, or paid in respect of the milk sold by the producers, are to be progressively abolished. To this end the Council will determine the amount by which these subsidies will be reduced in ratio with the approximation of national target prices and the raising of the threshold prices. However, in some member States subsidies are granted which make it possible to maintain prices of milk or dairy products below a level corresponding to the lower limit of the target price for milk, as fixed for the 1964/65 dairy farming year. In these cases, an automatic reduction is to be effected of one seventh of that part of the subsidies, which makes it possible to maintain prices below that lower limit. In other words, the direct subsidies have to be reduced annually by one seventh of the difference between the lower limit of the target price and the average market receipts for dairy products, expressed in terms of milk. This reduction is automatic and comes in addition to the reduction to be decided upon by the Council. The reduction of the subsidies is to be compensated by a corresponding increase in threshold prices.

Some member States maintain a price system under which returns in the sector of liquid milk and related products are used for the equalization of lower returns obtained for manufacturing milk. Such equalization systems may be continued until the regulation to be drawn up for fresh milk comes into operation. However, if under such a system special aids are granted in order to ensure a direct equalization in respect of particular dairy products, such aids follow the general rules on subsidy reduction.

Finally it is provided that the aggregate effect of the various subsidies and any equalization system may not be such that the total returns of the producer exceed the target price.

8. Fruit and vegetables

ex 07.01	Vegetables, fresh or chilled, except potatoes
08.02	Citrus fruit, fresh or dried
08.03	Figs, fresh or dried
08.04	Grapes, fresh or dried
08.05	Nuts other than those falling within heading No. 08.01, fresh or dried, shelled or not
08.06	Apples, pears and quinces, fresh
08.07	Stone fruit, fresh
08.09	Berries, fresh
08.09	Other fruit, fresh

In view of the special features of the sector of fruit and vegetables, the system designed for a common organization of the market for these products differs considerably from the systems adopted in respect of other agricultural products. The fruit and vegetables sector is characterized by great variations in availabilities according to the season, by interchangeability of the products and by the perishable character of the products. The quantities available are largely concentrated in certain periods of the season during which short-term supplies may again vary considerably because of weather conditions. Many of the products are interchangeable so that consequently an abundance of supply of one product greatly affects price formation of other products. The perishable character of many products impedes storage or other intervention measures designed to even out supplies throughout the year.

The special features of the fruit and vegetables market explain the absence in this sector of price and marketing policies similar to those generally applied in respect of other agricultural products. The intervention measures developed in this sector in the member States seek to establish a better equilibrium between supply and demand, in particular by a reduction within the limits of technical and economic possibilities, of total availabilities on the market at a certain moment, and by actions aiming at encouraging consumption and utilization of the products.

In view of the special structures of the markets in the member States the most important measures designed to achieve the objectives of a single market are the introduction of common quality standards and the observation of common rules of competition. It was not considered feasible to introduce a system of a single measure such as the levy system in respect of other agricultural products. It is however, felt that in the single market stage the application of customs duties as provided in the common external tariff affords sufficient protection to producers within the Community against imports from third countries to allow, under normal market conditions, a renouncement of other measures of protection.

Common quality standards have been established for the fresh products listed below. No imports are allowed if the products concerned do not conform to one of the three quality classes provided in the common standards.

(a)	07.01 B I	Cauliflowers
	ex 07.01 D	Endives, lettuce and various salad vegetables
	ex 07.01 H	Onions
	07.01 M	Tomatoes
	08.06 A II	Apples, other than cider apples
	08.06 B	Pears
	08.07 A	Apricots

	ex 08.07 B	Peaches
	08.07 D	Plums
(b)	07.01 C	Spinach
	ex 07.01 D II	Chicory (witloof)
	07.01 F I	Peas
	07.01 F II	Beans
	ex 07.01 G II	Carrots
	07.01 L	Artichokes
	ex 08.02 A	Sweet oranges
	08.02 B	Tangerines, mandarins
	08.02 C	Lemons
	08.04 A	Dessert grapes
	08.07 C	Cherries
	08.08 A	Strawberries

REVENUE TAXES
ON TEA, COCOA, COFFEE AND BANANAS IN INDUSTRIALIZED COUNTRIES

1. Denmark

Cocoa products (paste, butter and powder) -DKr 1.5 per kg. plus 37.5 per cent. The specific part of the tax amounts to 22-55 per cent in ad valorem incidence. This tax is levied on the wholesale price.

2. France

Tea - F 183 per 100 kg. (ad valorem incidence 25 per cent for black tea and 30 per cent for green tea).

Cocoa beans - F 7 per 100 kg. (ad valorem incidence 3 per cent).

Cocoa products (paste, butter and powder) - F 8.50 per 100 kg. (ad valorem incidence 2-9 per cent).

Raw coffee - F 142.50 per 100 kg. (ad valorem incidence 42 per cent).

Roasted coffee - Information on tax on roasted coffee is not available.

3. Germany, Federal Republic of

Tea - DM 415 per 100 kg. (ad valorem incidence 71 per cent).

Raw coffee - DM 360 per 100 kg. (ad valorem incidence 99 per cent).

Roasted coffee - DM 480 per 100 kg.

4. Italy

Cocoa beans - Lit 250 per kg. (ad valorem incidence 74 per cent).

Cocoa products (paste, butter and powder) - Lit 312.5 per kg.

Raw coffee - Lit 500 per kg. (ad valorem incidence 134 per cent).

Roasted coffee - Lit 690 per kg. (ad valorem incidence 81 per cent).

Fresh bananas - Lit 70 per kg.

Dried bananas and banana flakes - Lit 350 per kg.

5. Japan

Cocoa powder, raw coffee and roasted coffee - 5 per cent commodity tax. The tax was reduced from 10 per cent on 1 October 1965. The commodity tax is applicable to many other products.

Note: In Austria, Belgium, Canada, Finland, France, the Federal Republic of Germany, Italy, the Netherlands and Sweden, general turnover or sales taxes, at various rates not exceeding 15 per cent, apply on these products. France applies a 25 per cent turnover tax on cocoa powder.

ANNEX

Notifications on State trading and subsidies submitted since 1963 not covered in this document.

Country	A=State trading B= Subsidies	References
Australia	A	L/2593/Add.2, 29 March 1966
	B	L/2601/Add.1, 29 March 1966
Ceylon	A	L/1949/Add.18, 17 April 1963
	B	L/1948/Add.16, 18 April 1963
Czechoslovakia	A	L/2593/Add.4, 7 April 1966
	B	L/2601/Add.2, 29 March 1966
Ghana	A	-
	B	L/1948/Add.21, 14 June 1963
Greece	A	L/1949/Add.15, 8 April 1963
	B	L/1948/Add.3 and Corr.1, 1 March 1963
India	A	L/1949/Add.19, 23 April 1963
	B	L/1948/Add.18, 16 May 1963
Kenya	A	L/2593/Add.1, 18 March 1966
	B	-
New Zealand	A	L/1949/Add.20, 23 April 1963
	B	L/1948/Add.29, 28 June 1964
Poland	A	L/1949/Add.3, 19 February 1963
	B	L/1948/Add.1, 21 February 1963
Rhodesia and Nyasaland, Federation of[1]	A	L/1949/Add.14, 2 April 1963
	B	L/1948/Add.24, 31 July 1963
South Africa	A	L/2593/Add.8, 13 June 1966
	B	L/2601/Add.5, 7 June 1966
Spain	A	L/2593/Add.11, 15 June 1966
	B	L/2601/Add.8, 24 June 1966
Tanzania (Tanganyika)	A	L/1949/Add.27, 26 May 1964
	B	-
Uganda	A	L/1949/Add.26, 19 November 1963
	B	-
United Arab Republic	A	L/1949/Add.25, 19 November 1963
	B	-
Yugoslavia	A	L/1949/Add.24, 28 October 1963
	B	L/1948/Add.27, 30 October 1963 L/2326, 13 January 1965

[1] No new notifications have been received from the Governments of Malawi, Rhodesia and Zambia.