

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/91/Add.1

11 September 1953

Limited Distribution

NOTIFICATIONS OF SUBSIDIES UNDER ARTICLE XVI

(April - August 1953)

Addendum

By Decision of the CONTRACTING PARTIES of 2 March 1950, contracting parties maintaining subsidies falling within the scope of Article XVI of the Agreement were required to submit notifications as required by that Article.

Notifications have been received since April 1953 from the following contracting parties:

	<u>Page No.</u>		<u>Page No.</u>
Australia	2	Greece	18
Austria	5	India	18
Belgium and Belgian Congo	6	Netherlands	19
Canada	7	New Zealand	21
Ceylon	15	Norway	21
Czechoslovakia	15	Sweden	22
Denmark	15	Turkey	23
Finland	15	Union of South Africa	24
France	16	United Kingdom	26
Germany	18		

A U S T R A L I A

Notification of 9 July 1953

The following notification of subsidies of the type described by Article XVI supersedes previous notifications.

1. Nitrogenous Fertilizers(a) Sulphate of Ammonia

A subsidy not exceeding in total an amount of £500,000 for the year 1952/53 is at present being paid on sulphate of ammonia as a means of assistance to certain agricultural industries. Although the actual amount of subsidy has been varied since the Fourth Session of the CONTRACTING PARTIES, the principles of the subsidization, and the estimated effects, remain as set out in document GATT/CP.4/39 circulated at the Fourth Session.

(b) Sodium Nitrate

A subsidy at the rate of £4.0.0 per ton was introduced on 1 November, 1950, on sodium nitrate used for fertilizer purposes. Details of this subsidy were circulated to contracting parties at the Fifth Session.

2. Tractors

Under the Tractor Bounty Act 1939-53 bounty is payable on tractors produced in Australia in accordance with prescribed conditions, for use in Australia. The bounty is based on the belt-pulley horse-power of the tractor engine and ranges from £80 on a 10 to 15 b.p.h.p. unit to £240 on a 40 to 55 b.p.h.p. unit.

The number of tractors on which bounty has been paid in recent years compared with the number of tractors imported, is as follows:

	<u>Bounty Paid</u>	<u>Imported</u>
Year ended 30 June 1951	1501	34,600
" " " " 1952	1275	31,049
9 months ended 31 March 1953	104	6,013 ^φ

φ The import figure covers only 6 months to 31 December 1952.

The bounty paid to producers of tractors in Australia serves as an alternative to the grant of protection in the form of import duties.

3. Sugar

Measures are in force regulating the production and marketing of cane sugar and certain products made from cane sugar. The measures represent a system for the stabilization of the return to domestic producers of a primary commodity,

AUSTRALIA (cont'd)

as distinct from a subsidization measure which operates to maintain or increase exports and to reduce or prevent an increase in imports.

The measures are based on an agreement between the Government of the Commonwealth of Australia and the Government of the State of Queensland under which the latter Government agrees to take such action as is necessary effectively to control the total production of raw sugar cane, and to acquire all raw sugar manufactured from sugar cane grown in Queensland and New South Wales.

The Agreement requires the Government of the State of Queensland to make the following products of sugar available for sale and delivery to wholesalers and the sugar-using industries at specified distribution centres throughout the Commonwealth of Australia at prescribed prices,

Refined Sugar 1A Grade
 Refined Sugar of 1XD Grade
 Other Grades of Refined Sugar
 Golden Syrup and Treacle
 Mill-White Sugar
 First Quality Mill Sugar.

The prescribed prices include provision for the conditional grant of a price rebate of £2.4.0 per ton in respect of Australian refined sugar used in the manufacture of fruit products.

From February 1941 to October 1952 the Australian equivalent of the world parity price was higher than the domestic price. Therefore no price rebates, except the price rebate referred to in the preceding paragraph were granted during that period.

Since October 1952 the world parity price has been less than the prescribed selling price of Australian sugar. Consequently price rebates have been granted on the sugar content of certain manufactured goods exported from Australia since then. The rate of export rebate (per ton of sugar content) payable since October, 1952, has been as follows:

	<u>Manufactured fruit products</u> (per ton)	<u>Other approved products</u> (per ton)
November 1952	£6.6.0	£8.10.0
December 1952	6.6.0	8.10.0
January 1953	8.6.0	10.10.0
February 1953	12.3.0	14. 7.0
March 1953	13.5.0	15. 9.0
April 1953	18.5.0	20. 9.0
May 1953	14.14.0	16.18.0
June 1953	10.1.0	12. 5.0

AUSTRALIA (cont'd)

The cost of any rebates, is borne by the Australian sugar producing industry from the pool of receipts administered by the Queensland Sugar Board. Since 1932 the Government of the Commonwealth has assisted in the administration of rebate provisions of the Agreement but not on the basis of providing funds for their grant.

The administration of the agreement involves the maintenance of regulations which provide that sugar may not be imported into Australia except with the consent of the Minister for Trade and Customs.

4. Wheat

The position described in document G/4/Add.3 has been affected by an increase in the guaranteed price, from 10/- a bushel, bulk basis f.o.r. ports, for wheat of the 1951/52 season to 11/11 a bushel for wheat of the 1952/53 season. The increase reflected changes in production costs of wheat.

Under the Wheat Industry Stabilization Plan the guaranteed price is also the home consumption price for wheat other than that sold for feed wheat. The home consumption price therefore became 11/11 a bushel from 1 December 1952. From the same date the price of feed wheat for the pig, poultry and dairying industries also went up by 1/11 - from 12/- to 13/11 per bushel. The subsidy paid by the Commonwealth Government to raise the return to the wheat grower to 16/1 a bushel in respect of wheat used by these three industries became 2/2 in lieu of 4/1 a bushel.

The domestic prices for wheat for human consumption and for wheat for use by the pig, poultry and dairying industries are substantially below the export price.

The selling price of any wheat sold for stock feed other than for the pig, poultry and dairying industries remains at 16/1 a bushel.

5. Dairy Products

Under a new five year plan operative from 1 July 1952, the Commonwealth Government has guaranteed to producers of milk or cream used in the manufacture of butter and cheese a return based on efficient cost of production. Pending the establishment of an independent Tribunal, movement in costs will be assessed by the Bureau of Agricultural Economics.

The guarantee covers the quantity of butter and cheese consumed annually in Australia plus 20 per cent of that quantity if produced. The extension of the guarantee to cover a quantity 20 per cent in excess of local consumption is not for the purpose of enabling export sales at prices below cost of production but to ensure an adequate supply of butter and cheese for local consumption. In actual practice in 1952/53, the only export sales below the local wholesale price will be to the United Kingdom under contract. All other export sales will be at prices in excess of the local wholesale price.

AUSTRALIA (cont'd)

Returns to factories from butter and cheese sold on the local and export markets are equalised throughout the Commonwealth under a voluntary arrangement within the industry and operated through the Commonwealth Dairy Produce Equalisation Committee Ltd. The difference between the guaranteed return to the farmer plus factory costs and the equalised return is paid by the Government as a subsidy.

The guaranteed return to the farmer for 1952/53 is 49.29d. lb. commercial butter basis at the factory door, and to ensure this return from domestic consumption the rate of subsidy paid by the Commonwealth is approximately 10 3/4d. per lb. of butter and approximately 4d. per lb. of cheese.

6. Shipbuilding

Since 1946 the Australian shipbuilding industry has been assisted by the Commonwealth Government meeting up to 25% of the cost of locally built vessels with a view to reducing Australian costs to a more comparable level with construction costs in the United Kingdom.

Vessels required by private shipping companies are constructed on orders placed by the Australian Shipbuilding Board, and when completed are sold to the companies at not less than 75 per cent of the cost.

The purpose of this scheme of assistance is to ensure the maintenance of an efficient shipbuilding and shipping repair industry in Australia in accordance with defence requirements.

A U S T R I A

Notification of 5 September 1953

No subsidies falling under the scope of Article XVI are granted in Austria.

B E L G I U M

(translation)

Notification of 13 July 1953

1. Subsidies granted to certain agricultural products

The method of subsidizing dairy produce as set forth in document G/4/Add.3 of 15 December 1952, page 6, is still in force.

2. Subsidies granted to certain industrial products

With regard to coal, the following modifications have been made in the method of subsidies benefiting the coal industry.

Since 15 March 1953, subsidies granted by agreement to certain coalfields producing soft coal are paid out of the compensation fund of the European Coal and Steel Community, the latter being supplied in equal parts by the E.C.S.C. and by the Belgian Government. No change has been made in the mode of payment of these subsidies.

Since that date, all Belgian coal producers levy on this compensation fund a subsidy to offset the reduction in receipts which they have undergone since the entry into force of the Treaty establishing the E.C.S.C.; the average amount of this subsidy is at present 29 francs per ton.

The coalfields receive in addition, from the Belgian Government alone, a subsidy equal to 75 per cent of the trade dues levied on the proportion of their re-equipment fund which is actually used in financing their investments.

3. Subsidies granted to the film industry

In the field of the film industry, the budget of the Department of Economic Affairs and of the Middle Classes for 1953 provides for a credit of 8 million francs, to promote the Belgian film industry. That sum is reserved for the granting of bounties for the production of news-reels, documentary, supplementary and fiction films.

BELGIAN CONGO AND RUANDA URUNDI

The subsidies granted by the Ministry for the Colonies to certain products of the Belgian Congo and Ruanda Urundi have been maintained: 6 million francs for the timber subsidy and 5 million francs for the palm oil subsidy (see 1952 notification - Document G/L/Add.3)

C A N A D A

Notification of Subsidies in effect on 1 April 1953
or during the preceding twelve-month period

This report has been prepared pursuant to the obligation under Article XVI of the General Agreement on Tariffs and Trade to notify the CONTRACTING PARTIES of any subsidies, including any form of income or price support, leading directly or indirectly to increased exports or to reduced imports.

Federal Subsidies including any form of income or price support which might be considered under the purview of Article XVI are discussed under the following main headings:

- I Agricultural Products
- II Fisheries Products
- III Mineral Products

The notification of each subsidy in each group is given under the following subheadings:

Legal authority for the subsidy; Circumstances making the subsidization necessary; Extent and Nature, Cost and Effect.

Inclusion in this report of the measures described below does not mean that each one necessarily has the effect of increasing exports or reducing imports. In the interests of having a comprehensive report virtually all measures have been included which involve direct or indirect subsidization whether or not they are known to have affected international trade.

PART I

AGRICULTURAL PRODUCTS

1. GRAIN AND GRAIN PRODUCTS: Western Grains, Whole or Ground, Wheat Bran, Wheat Shorts, Wheat Middlings, Wheat Screenings and Millfeeds

Authorization - P.C. 7523, 25 September 1941, as amended, P.C. 5434, 17 November 1949, with respect to freight assistance.

Circumstances - This was a wartime measure designed to encourage use of surplus feed grains and to assist Eastern farmers in obtaining the necessary Western feed grains and millfeeds at prices which would permit them to maintain livestock production.

CANADA (cont'd)

Extent and Nature - The subsidy, which covers from 55 per cent to one hundred per cent of all freight charges, depending on location, is paid on Western grains and millfeeds moved in carload lots from Fort William-Port Arthur to points in Eastern Canada and from points in Western Canada to British Columbia. The subsidy is not paid on grains and feeds which are exported. Wholesale receivers are reimbursed to the amount of the freight when proof of usage is submitted.

Cost - The rate of freight assistance per ton varies from \$6.00 to \$20.00 depending on the length of the freight haul. The total cost of feed freight assistance in the calendar year 1952 amounted to \$18,798,000. The cost from 1 January to 31 March 1953 amounted to \$2,491,000.

Effect - This program encourages consumption in Canada of domestic feeds.

2. LIVESTOCK AND LIVESTOCK PRODUCTS

Beef Price Support

Authorization - Agricultural Prices Support Act 1944 as amended. P.C. 2360, 22 April 1952; P.C. 4142, 24 September 1952.

Circumstances - The U.S. embargo on shipments of Canadian cattle and beef, imposed 25 February 1952, as a result of the outbreak of foot-and-mouth disease in Saskatchewan, created a serious marketing situation in Canada. Farmers were advised to retain their cattle as long as possible on grass and a support price was offered to provide some stability where it was necessary to market cattle. The price support was terminated on 21 February 1953 in anticipation of the end of the embargo on shipments to the United States. The United States' Government lifted controls effective 1 March 1953.

Extent and Nature - The price support program announced 9 April 1952 took the form of an offer to buy cattle and beef at a price equivalent to \$25 per 100 lb. live weight for good steers at Toronto, with appropriate differentials for other grades and markets. It was revised on 24 September to provide, until 31 May 1953 or until the lifting of the United States' embargo, for the following prices: (i) the equivalent of \$25.00 per 100 lb. live weight per heavy steers and heifers (carcasses 700 lb. and over, cold dressed weight, fat in basis, including Grades A, B and C) from 1 October to 15 November 1952, (ii) the equivalent of \$23.00 per 100 lb. live weight for "good" steers at Toronto (with the exception of steers qualifying under (i) above) from 29 September 1952 to 31 March 1953, (iii) the equivalent of \$25.00 per 100 lb. live weight for "good" steers at Toronto after 1 April 1953. Appropriate differentials were to be applied for other grades and markets for (ii) and (iii).

CANADA (cont'd)

Cost - The total cost of the beef price support program, as far as could be estimated at 31 March 1953, was \$23.6 million.

Effect - The beef price support arrangements avoided a breakdown of the market when the normal export outlet was closed. A free market in cattle and beef has once more been established.

Hog Premiums

Authorization - P.C. 62, 10 January 1944, amended by P.C. 1213, 29 March 1946, P.C. 1264, 2 March 1952, P.C. 4628, 17 December 1952.

Circumstances - This payment was designed to improve the quality of Canadian bacon and to encourage the channelling of such hogs through inspected plants.

Extent and Nature - Payment of the quality premium is confined to producers who deliver their hogs for slaughter at inspected plants or approval establishments throughout Canada. The farmer receives with his settlement statement a hog premium warrant which is negotiable at par at any chartered bank. The government reimburses the bank. The premium rates currently payable are \$2.00 per head on "A" grade carcasses and \$1.00 on "B-1" grade carcasses.

Cost - In the calendar year 1952 hog premium payments cost the government \$6,580,000. The total number of hogs on farms in Canada at 1 June 1952 was estimated at 5,741,000, valued at \$152,900,000.

Effect - Although Canadian exports of pork and pork products have declined in recent years, this subsidy has probably assisted in improving their quality.

Pork Price Support

Authorization - Agricultural Prices Support Act, 1944, as amended. P.C. 944, 13 February 1952, P.C. 4141, 24 September 1952.

Circumstances - A price support program was initiated in 1951 when the loss of the United Kingdom bacon market and an increase in hog production caused a serious drop in prices during the fall and winter months. The U.S. embargo on live hogs and fresh pork and control of imports of processed pork products, imposed on 25 February 1952, as a result of the outbreak of foot-and-mouth disease in Canada, aggravated an already difficult situation.

Extent and Nature - From 13 February 1952 to 31 December 1952 the price of hogs and pork products was supported on the basis of \$26.00 per 100 lb. warm dressed weight from Grade A carcasses at Toronto and Montreal. The support price dropped on 1 January 1953 to \$23.00 per 100 lb. same basis.

CANADA (cont'd)

Cost - The cost is not yet ascertainable.

Effect - The program was successful at the critical period in preventing an excessive price decline. Since the beginning of 1953 the market price for hogs has been such that the support price has not been operative.

3. DAIRY PRODUCTS

Cheese Quality Premiums

Authorization - Cheese and Cheese Factory Improvement Act, 1939, as amended.

Circumstances - The purpose of the subsidy is to improve the quality of cheddar and blue-vein cheese.

Extent and Nature - The subsidy is paid to cheese factories by the Federal Department of Agriculture on high quality cheese graded at government grading stations. The cheese factories distribute the payment to their milk suppliers. The amount of the subsidy is one cent per pound on cheese scoring 93 points and two cents on cheese scoring 94 points or more.

Cost - The cost of the subsidy for the eleven months ended 28 February 1953 was \$493,000.

Effect - While production and exports have declined in recent years this subsidy has probably facilitated the production of high quality cheese.

Cheese Price Guarantee

Authorization - The Agricultural Products Co-operative Marketing Act, 1939. P.C. 3021, 30 May 1952; P.C. 3552, 31 July 1952.

Circumstances - As a result of restrictions imposed in Canada's traditional export markets some support of the domestic market became necessary.

Extent and Nature - The Federal Government agreed to guarantee an initial advance on Ontario cheese of 24 cents per lb. basis No. 1 grade large white unwaxed f.o.b. factory, plus a maximum amount of 2 3/8 cents per lb. to cover the physical costs of assembling, storing, selling and distributing the product. This offer covered cheese produced between 1 April and 31 December 1952. The province of Ontario guaranteed an additional six cents per lb.

Cost - Since the market price was above the support level established by the Federal Government no cost was incurred by the Canadian Government.

Effect - The guarantee had a stabilizing effect on prices when there was no market in sight for the quantities of cheese which would have been exported.

CANADA (cont'd)

Butter Price Support

Authorization - Agricultural Prices Support Act, 1944, as amended, P.C. 2023, 27 April 1951, P.C. 4557, 29 August 1951, P.C. 1953-470, 26 March 1953. Agricultural Products Board Act, 1951.

Circumstances - In order to prevent undue price fluctuations and to stabilize production, butter was continued under price support.

Extent and Nature - The floor price on butter, until 30 April 1955, is 58 cents per lb. 1st grade basis Montreal and Toronto. The Agricultural Prices Support Board will buy at this price any butter which conforms to its specifications. On 30 October 1952 government owned stocks of butter, amounting to approximately 40 million lb., were offered for sale at a wholesale price of 62 cents per lb. 1st grade basis Ontario and Quebec.

Cost - There was no loss on price support operations during the fiscal year 1952-53.

Effect - The price support operations have been effective in stabilizing the price of butter in Canada.

Dry Skimmed Milk Price Support

Authorization - Agricultural Prices Support Act, 1944, as amended. P.C. 1953-252, P.C. 1953-253, 19 February 1953.

Circumstances - As a result of the increase in the size of dairy herds due to the United States embargo on imports of cattle from Canada when foot-and-mouth disease broke out, production of dry skimmed milk reached a record level. Furthermore, restrictions were imposed by the United States on imports of dry skimmed milk. As a consequence excessive stocks accumulated.

Extent and Nature - To deal with this abnormal situation the Agricultural Prices Support Board was given authority to purchase 10 million lb. of dry skimmed milk, not more than 3 million lb. of which may be the roller process product. The prescribed prices are 8 cents per lb. f.a.s. Montreal for 1st grade roller process dry skimmed milk and 11.5 cents for the spray process, with appropriate transportation differentials for purchases in other centres.

Cost - Not yet known.

Effect - Not yet known.

Shell Eggs

Authorization - Agricultural Prices Support Act, 1944, as amended. P.C. 6805, 19 December 1951, P.C. 4652, 17 December 1952.

CANADA (cont'd)

Circumstances - Poultry farmers in 1950 were faced with a difficult situation in that their export market was no longer available. It was then decided to provide price support for eggs stored to the Agricultural Prices Support Board's specifications, by an offer to buy at an appropriate date.

Extent and Nature - The 1952 program provided that the Agricultural Prices Support Board would buy eggs out of storage at an appropriate period in 1952. The support price was 38 cents per dozen at all storage points in Canada for Grade A large eggs, plus a maximum allowance of 5 cents per dozen to cover storage costs. The same support price is to be effective in 1953. In 1952, 351,756 cases (of 30 dozen) of eggs were oiled and stored in the spring and early summer in accordance with the Board's specifications. The Board took delivery of 44,866 cases. These were resold in domestic and foreign markets.

Cost - For the first few years the program was operated without loss to the government. The loss of the resale of eggs purchased in 1952 was \$61,778.

Effect - The price support program has tended to stabilize the egg market, by providing a price guarantee on eggs stored during periods of heavy production.

PART II

FISHERIES PRODUCTS

1. WINTER - CAUGHT LAKE FISH 1952-53 - PRAIRIE PROVINCES

Authorization - P.C. 1953-416, 19 March 1953.

Circumstances - The United States market for frozen winter fish collapsed early in 1953 and fishermen were left with more than 2 million pounds of fish for which there were no buyers at any price. The market situation was complicated by the extremely mild winter which made it impossible to market or to hold the fish in good condition. In some cases fish could not be moved from lakes because of absence of the ice on which the tractor trains normally travel.

Extent and Nature - Prescribed prices were established for the several varieties involved, ranging from 14 cents a pound for trout f.o.b. Winnipeg to 2 cents for mullet. By 1 May the Board had purchased just over 2 million pounds of fish at a cost of \$185,000. Most of the 2 million pounds was converted to fish meal for animal food. About 400 thousand pounds were left at the lakes because transportation was not practicable.

Effect - The result of the program was negligible as far as international trade is concerned.

CANADA (cont'd)PART IIIMINERAL PRODUCTS1. COAL FREIGHT SUBVENTIONS

Authorization - Dominion Coal Board Act, (1947), Act II, George VI, Chapter 56, and

Order in Council	P.C. 3253	of 11 June 1952
" "	"	P.C. 3252 of 11 June 1952
" "	"	P.C. 912 of 21 February 1951
" "	"	P.C. 1953-64 of 16 January 1953.

Circumstances - This form of assistance, which has been maintained in varying degrees since 1928, has arisen from the geographical position of the Canadian coal fields in relation to the major Canadian coal markets. The aid was designed to assist the movement of Canadian coal to certain areas in Central Canada by equalizing the laid down costs of Canadian coal with imported coal.

Extent and Nature - There is some variety in the subventions authorized to assist Canadian coal movements. They are all designed to place Canadian mined coal in a position of competitive equality with imported coal in the markets of Central Canada.

Cost - The total cost of these subventions in the calendar year 1952 amounted to \$6,530,103.04 and the total coal moved under this assistance was 2,712,761.70 net tons. In 1952 the total production of Canadian coal amounted to 17.5 million tons.

Effect - It is likely that in the absence of the subvention very little of the coal produced in the Maritime Provinces or Western Canada would have moved to Central Canada.

2. COAL EXPORT SUBSIDY

Authorization - Dominion Coal Board Act, (1947), Order in Council P.C. 1094 of 15 March 1949.

Circumstances - This subsidy was provided to assist the coal producers of British Columbia and Alberta to find markets elsewhere than in Canada since they are located far distant from the major markets of Central Canada. It provides a subsidy on coal exported to all countries other than the United States or its territorial possessions or used as fuel for ships' stores.

CANADA (cont'd)

Extent and Nature - The subsidy provides a payment of up to \$1.00 per ton on Alberta and British Columbia coal exported from Canadian seaports and 75 cents per net ton when sold for fuel as ships' stores on ocean going vessels.

Cost - In the calendar year 1952 the subsidy amounted to \$56,580 and the tonnage involved for both export and ships' stores was 59,253 tons. In the same period the total Canadian production of coal amounted to 17.5 million tons.

Effect - In the calendar year 1952 total Canadian exports of coal amounted to approximately 388,000 tons. The tonnage moved under the coal export subsidy was therefore about 15 per cent of the total. In relationship to the total Canadian coal production it amounted to less than half of one per cent.

3. COKE BOUNTY

Authorization - Coke Bounty Act (1930), 20-21, George V, Chapter 6.

Circumstances - This subsidy provides that any iron and steel producer not entitled to a draw-back of duty on imported coal may be granted a subsidy on the coal of Canadian origin which he converts into coke. It was designed to assist those iron and steel producers who, because of their geographical position, are not able to take advantage of the reduction in the duty on imported coal for coking. It thus tends to equalize the cost differentials between various Canadian primary steel producers.

Extent and Nature - This subsidy amounts to 49.5 cents per ton of Canadian coal used by primary iron and steel producers for converting into coke.

Cost - In the calendar year 1952 the subsidy was paid on 698,449 tons of coal at a cost of \$345,732.24.

Effect - This subsidy has little effect on Canadian foreign trade. Those companies receiving the subsidy would not be able to use imported coal for coking purposes because of geographical location.

C E Y L O N

Notification of 22 June 1953

Subsidies in force in Ceylon do not operate directly or indirectly to increase exports or to reduce imports.

C Z E C H O S L O V A K I A

Notification of 3 July 1953

No changes have occurred since 1952.

D E N M A R K

Notification of 21 July 1953

No modifications have taken place in the measure of subsidies applied in Denmark since the report of the Danish Government on subsidies pursuant to Article XVI, dated 5 August 1950, with the amendment of 14 April 1951 (GATT/CP/114).

F I N L A N D

(translation)

Notification of 25 July 1953

No change has occurred in the subsidies granted in Finland since the notification of the subsidies falling under Article XVI of the General Agreement, dated 31 July 1950 (GATT/CP/114), and the supplementary information contained in the notification of 29 July 1952 (G/4/Add.3).

The subsidies at present maintained aim only at supporting the price of certain agricultural products and cannot be considered as causing serious prejudice to the interests of other contracting parties.

F R A N C E

Notification of 4 August 1953

In their communication of 16 October 1950 the French Government had notified the GATT of certain price determination or price support measures which though they did not fall within the category referred to in Article XVI could nevertheless appear to be related to such subsidization measures.

Since the above-mentioned date, the system in force has been altered in the sense that control measures have been alleviated. Price guarantees apply to three items only:

Wheat and Cereals

The circumstances of price determination have already been stated in the communication of 6 October 1950.

Beetroot

The Authorization is in the Decree of 30 August 1946 as amended by Decrees of 23 February 1948 and 1 December 1949.

Alcohol

Prices for alcohol are determined on the basis of sugar prices.

Authorization: Article XXVI of the Law of 1 August 1924.

As regards other products for which a price guarantee was previously given a more liberal system has been put into force: floor prices guaranteed by the Government make it possible for market fluctuations to exert their natural consequence within certain limits.

This more liberal system applies to:

Oil Seeds

A floor price support is guaranteed in the case of peanuts and colseeds. In other words, the Government has committed itself to buy the crop surplus which has not been sold at the floor price or above. Furthermore, the Government guarantees the financing of the crop on the basis of the floor price.

As regards peanuts, this guarantee is given by way of interdepartmental agreement. The Authorization for colseed is Decree No. 52.1283 of 1 December 1952.

FRANCE (cont'd)

Milk

Approximate price determination measures apply only to milk for direct consumption, the purpose being to avoid any increase in internal prices rather than to provide minimum price guarantees to producers. Authorization: Decree of 22 April 1953.

For other dairy products, the Government takes regulating measures by determining a floor price for butter and, if need be, by storing products in excess.

Chicory prices which were previously determined in relation to beetroot prices do not give rise to any guarantee.

As regards textiles the system followed has not been altered in any way. The direct subsidies given are of little importance and are aimed at maintaining the cultivation or production of flax, silk and hemp in regions which are either poor or dependent on such production for their prosperity.

The area under cultivation is not important. The subsidies which are of a purely local scope do not seem of such nature as to be likely to have a notable influence on French imports or exports.

G E R M A N Y

Notification of 29 August 1953

The Federal Government, under the Spirits Monopoly Law of 8 April, 1922 (RGBl.I, P.405) grants a subsidy whose purpose is to permit the export of spirits and products thereof. The subsidy consists either in the delivery of the spirits by the Federal Monopoly Administration at a certain export price or in an export compensation granted to buyers of spirits who have actually paid the domestic price and then export such spirits. The export price or the export compensation are kept in line with the world market prices according to the type of products involved and the domestic selling prices, the maximum being DM 250,- per hundred litres of spirit. No subsidies are granted for the purpose of reducing the import of spirits.

Under the Law of the Establishment of a Supplement to the Federal Budget for the Fiscal Year 1952 of 9 April, 1953, the Federal Republic grants a subsidy on the growing of hemp and flax. The purpose of this measure is to maintain for operational reasons the present area on which hemp and flax is grown. It does not imply any reduction in the import of hemp and flax as against the years in which no such subsidy was granted.

Also, a price countervailing fund has been set up by the German rubber industry under Regulation PR No. 42/52 of the Federal Minister for Economics, dated 17 May, 1952, in order to equalize prices of natural and synthetic rubber. The objective is to reduce the cost of consumption of domestic synthetic rubber products by imposing a countervailing duty on the consumption of natural rubber (other than guttapercha and balata), caoutchouc milk and imported synthetic rubber of the types GR-S and Polysar S, and by making payments out of the fund so raised. Production in Germany of synthetic rubber could be resumed no sooner than in spring 1951, when the Allied Authorities gave the necessary permission. Owing to the preceding dismantling operations, production was limited to 500 tons a month, i.e. 5 per cent of the amount of natural rubber imported into Germany. The import of natural rubber is not impaired by the measure described above, but is steadily increasing.

G R E E C E (translation)

Notification of 25 July 1953

Among the measures which accompanied the devaluation of the drachma on 9 April 1953, all subsidies resulting in increased exports or in reduced imports, have been abolished in Greece.

I N D I A

Notification of 4 July 1953

No subsidy is paid by the Government of India.

N E T H E R L A N D S

Notification of 12 August 1953

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

A. METROPOLITAN TERRITORY

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

Subsidies on consumers' goods

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

Subsidies paid in 1952 amount to 75 million guilders. This sum equals about 0.4 per cent of the national income so that its export increasing effect, if any, is very small. (Subsidies for 1953 are expected to total 145 million guilders).

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

Bread	800 gr.	1 cent
Milk for consumption	litre	5.5 cents

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

Subsidies on fodder

The sum of 75 million guilders, mentioned above, comprises 31,5 million guilders for the subsidization of imported fodder cereals and albumen fodder (for 1953 this latter figure is expected to 32,5 million guilders).

NETHERLANDS (cont'd)Price equalization for agricultural products

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

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

Coal equalization fund

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

It is clear that this system neither hampers imports nor increases exports of coal. The fixing of the price of domestic coal below the world market level operates on a negligible scale as an export subsidy on articles for the production of which coal is used. Since 1 January 1951 all payments made by the fund have been covered by contributions from the Netherlands mines and no subsidies, therefore, have had to be granted by the State. Moreover, art. 4 of the treaty on the institution of the European Coal and Steel Community has made it unlawful for the State to grant subsidies since the establishment of said Community. The High Authority of the European Coal and Steel Community, by their decision No. 29-53 has allowed to maintain from 30 March 1953, a system of compensations for coal prices in the Netherlands. One of the stipulations of this decision runs: The fund is financed by a levy on Netherlands coal production irrespective of the destination of the coal.

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

Peat

The production of peat is subsidized for social considerations, viz. in order to avoid unemployment in an unfertile part of this country. The subsidy, which is paid out of the budget of the Ministry of Social Affairs, amounts to no more than 250,000 guilders for 1953 and applies to peat for industrial purposes only, not to peat used as a household fuel. The subsidy is necessary because otherwise the industries now using peat would shift to the cheaper coal. Moreover peat hardly ever enters into international trade on account of its low value, which cannot bear the comparatively high cost of transport. The subsidy consequently can hardly be considered to come under the terms of Article XVI.

NETHERLANDS (cont'd)

B. OVERSEAS PARTS OF THE REALM

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

N E W Z E A L A N D

Notification of 8 April 1953

No subsidization measures taken by New Zealand since the previous notification, are of a type requiring notification under Article XVI.

N O R W A Y

Notification of 8 July 1953

No subsidization measures, falling within the scope of Article XVI of the General Agreement on Tariffs and Trade, have been taken by Norway since the previous notification.

S W E D E N

Notification of 22 July 1953

In Sweden there are in the agricultural field certain subsidies in order to fix the prices. These measures imply inter alia that the government after negotiations with the organizations of the farmers prescribes the home-market prices of certain important agricultural products which thus become independent of price fluctuations in the world market. Usually the prices are fixed for one year and are slightly higher than the corresponding prices abroad. Under the present price conditions a certain price adjustment between export prices and those prescribed for Sweden is necessary when these products are exported from Sweden. As regards the ways of this levelling the following types can be distinguished.

1. The importation and the exportation of meat, bacon and eggs are reserved for certain bodies controlled by the state. The price levelling of these products works in such a way that profits and losses of the total importation and exportation balance.
2. The exportation of surplus bread-corn and other cereals which has been taken over by the government as a consequence of the sale guarantee as well as the importation of these products, is at present carried out by a governmental company. Export losses have been counter-balanced within the company.
3. The exportation of butter, cheese and other dairy-products is mainly handled by the organizations of the farmers. In order to balance losses when exporting these products the organizations have a special clearing fund at their disposal, mainly consisting of subscriptions from associated dairies. A similar clearing is practiced at export losses from oil-yielding plant-seeds and vegetable oils. In this case the losses are covered by contributions from a clearing fund for fatty products.

The prices of certain kinds of fish are also controlled. The regulation means that the fishermen get a bonus for fish that cannot be sold at certain fixed minimum prices (surplus fish). The bonus is paid from funds established by a special fee which is made either at the first-hand sale and at, at least, the minimum price for Swedish fish or at importation of fish. When exporting the bonus is only paid out for small herring (from the Baltic sea) and, in certain cases, for salted herring.

Any further measures on which article XVI in GATT could be applied do not exist in Sweden.

TURKEY
(translation)

Notification of 16 June 1953

1. State subsidies to exports

The only subsidy granted in Turkey, falling under Article XVI, is the wine exports subsidy. This action is taken in accordance with Law No. 4250 of 8 June 1942. In order to give an incentive to exports, a bonus of 10 piastres is granted per litre of wine exported. The production of wine in Turkey is of small importance and the subsidy consequently has a negligible effect on exports.

2. Price - Support Policy

Under the authority granted by Law No. 3780, the Government regularly makes stabilization purchases on the tobacco and corn markets. In the past, when circumstances have so required, stabilization purchases have been exceptionally extended to other products, such as cotton and filberts. These purchases aim at protecting producers by allowing them to sell their products at a fair price. They do not aim at stimulating exports. In general, exports do not benefit from direct State subsidies.

UNION OF SOUTH AFRICA

Notification of 7 August 1953

A. STATE SUBSIDIES

1. No new direct subsidies have been introduced by the Government of the Union of South Africa subsequent to the previous report furnished to contracting parties which was originally distributed as GATT/CP/58/Add.3 and subsequently reproduced in GATT/CP/114.

(i) Direct Export Subsidies

2. On the 1951 oilseed crop an export subsidy of £6,000 was paid and no payments were made on the 1952 crop. Prices of oilseed cake have been raised and the users of these products have lost part of the benefit of the relatively low price which had been maintained for some years. Current domestic oil cake prices are, however, still somewhat lower than the landed cost of imported oil cake.

(ii) Subsidies on Farming Requisites

3. Subsidies on fertilizers and bags are still being paid by the Government.

(iii) Subsidies on Foodstuffs

4. Consumer subsidies on wheat, maize and butter are being continued. The subsidy on white margarine has been withdrawn and free sales through ordinary commercial channels are permitted.

B. SUBSIDIES PAID BY MARKETING BOARDS

(i) Tobacco

5. The position as reported previously still continues. From levy funds the Tobacco Board made the following payments on the quantities of leaf indicated:

	Quantity (1,000 lbs.)	Subsidy
1949/50	1,460	£9,906
1950/51	3,760	£53,576
1951/52	1,390	£13,386

UNION OF SOUTH AFRICA (cont'd)

(ii) Raisins

6. The position as described in the previous report still continues.

(iii) Bacon

7. Surplus stocks of bacon sides are exported and on these the Livestock and Meat Industries Control Board pays the railage to the ports as well as a subsidy to equalise domestic and foreign prices. The following payments on the quantities stated have been made:

1950	. . .	£5,155	on	1,957,000	lbs.
1951	. . .	£9,775	"	2,896,000	"
1952	. . .	£16,563	"	4,438,000	"

(iv) Potatoes

8. The position as described in the previous report still continues.

C. PRICE STABILIZATION MEASURES

9. Apart from the marketing boards mentioned in the previous report the following new boards were established:

- (1) Lucerne Seed Control Board;
- (2) Oilseeds Control Board;
- (3) Egg Control Board.

10. The policies and aims of all these boards remain as outlined in the previous report.

D. DIFFERENTIAL RAILWAY RATES

11. The railway rating principles set out in the previous report have not been departed from since, and paragraphs 21 to 28 of the previous report do not, therefore, require to be amplified or amended.

UNITED KINGDOM

Notification of 15 June 1953

This notification supplements, and brings up-to-date, the notifications dated 31 August 1950 and 1 August 1952, contained in GATT/CP/114 and G/4/Add.3.

1. Food Subsidies (notification supplementary to paragraphs 3 - 7 of the Statement dated 31 August 1950 (GATT/CP/114 (pp. 41-44))

The published accounts of the Ministry of Food for 1951/52 show the total cost of food subsidies at £ 414,200,000. The retail prices of most subsidised foods were increased during 1952/53, as foreshadowed in the Budget Statement (11 March 1952), with a view to bringing the total food subsidies down to a rate of £250,000,000 a year. Since the price changes did not all operate throughout the year the total food subsidies for 1952/53 are estimated at about £332,000,000.

Price control has been maintained on all the basic foodstuffs which are subsidised and rationing for all except bread, flour and milk. The estimated unit subsidies for 1952/53 are given in the following table:

Estimated Unit Subsidies on Foodstuffs - 1952/53

Commodity	Unit	Retail price per unit at March 1953		Average subsidy per unit 1952/53 (pence)
		s.	d.	
Bacon	1 lb.	3	10 per lb. (av. of all cuts except gammon)	5 $\frac{1}{4}$
Bread	3 $\frac{1}{2}$ lb. loaf	1.	3	4 $\frac{1}{4}$
Flour (other than bread)	7 lbs.	3.	0 $\frac{3}{4}$	6
Shell eggs	1 dozen	4.	6 (av. for yr.)	11 $\frac{1}{2}$
Meat	1 lb.	2.	0 (av. of all cuts)	2 $\frac{1}{4}$
Milk	1 quart	1.	1	2
Butter	1 lb.	3.	0	8 $\frac{3}{4}$
Cheese	1 lb.	2.	2	1 $\frac{3}{4}$
Margarine	1 lb.	1.	4	3 $\frac{1}{2}$
Lard and Cooking Fat	1 lb.	1.	6	3
Sugar	1 lb.		7	1 $\frac{1}{4}$

UNITED KINGDOM (cont'd)

The programme of reducing food subsidies to a rate of £250,000,000 a year resulted in the following increases in retail prices:

Commodity	Unit	Increase in retail price per unit (pence)	Operative date of increase 1952
Bacon	1 lb.	5 (av. of all cuts except gammon)	5th October
Bread	3½ lb. loaf	3	16th March
Flour	7 lbs.	8½	16th March
Meat	1 lb.	4 (average)	15th June
Milk	1 quart	1	1st July
Butter	1 lb.	6	5th October
Cheese	1 lb.	2	5th "
Margarine	1 lb.	2	5th "
Lard & Cooking Fat	1 lb.	2	5th "
Sugar	1 lb.	1	5th "
Tea	1 lb. about	8½ (elimination of subsidy)	15th June

It has been announced that in 1953 cereals, feedingstuffs and shell eggs will be decontrolled (although for the present imported eggs will still be bought on Government account) and sugar will be derationed. The subsidies on these commodities (other than flour used for National bread) will be eliminated. The total expenditure on food subsidies for the financial year 1953/4 is estimated at about £220,000,000.

2. Direct Subsidies and other Financial Assistance to Agriculture and Fisheries (revised notification replacing paragraphs 8-13 of the statement dated 31st August, 1950 (GATT/CP/114, pp. 44-66)).

Agriculture

Apart from the "food" subsidies, direct subsidies or other financial assistance are granted (a) to certain forms of agricultural production and (b) to assist the improvement of farms and agricultural land and the increased use of modern agricultural methods.

UNITED KINGDOM (cont'd)

Under head (a), the following subsidies are paid:

(i) Calf Subsidy

This subsidy, which is intended to encourage the rearing of calves for beef or for breeding from for beef, takes the form of a payment to the farmer of £5 for each calf on his farm which is certified suitable for the purpose.

(ii) Hill Sheep and Hill Cattle Subsidies

The objects of these subsidies are to encourage the maintenance (for breeding purposes and to maintain the productivity of hill grazings) of sheep of hardy breeds and of cattle in hill farming areas. The subsidy is in the form of an annual payment for each eligible animal. For 1953, the maximum rate of hill cattle subsidy has been fixed at £5 per breeding cow or heifer. No payment in respect of hill sheep will be made this year, but the question will be reconsidered for 1954, in the light of the economic circumstances of the hill sheep industry.

Under head (b) the following incentives are given:

(i) Ploughing Grants

These grants, which are reviewed annually, aim to increase the tillage acreage and to encourage efficient lay farming. The present scheme provides a grant of £5 per acre for ploughing up and cropping in the year ended 31 May 1953, land which has been continuously under grass since before 1 June 1949. A special rate of £10 per acre is payable for ploughing up and bringing into cultivation difficult land which has been under grass continuously since 1939 or earlier where the cost of treatment is exceptionally high. Extension of these arrangements for a further year is under consideration.

(ii) Grants are made of a proportion of farmers' expenditure on fertilisers and lime, on ditching, field drainage, bracken eradication, water supply installations, and on improvements to hill farms and marginal land. Financial assistance is given towards the cost of milk recording.

UNITED KINGDOM (cont'd)

Flax

Flax is grown in the United Kingdom to maintain a nucleus of production that could be expanded in an emergency. Great Britain produces some 2,000 tons of flax per annum and Northern Ireland 4,000 tons of flax and 2,000 tons of rescutched tow. In both cases the flax is sold to spinners in the United Kingdom at the 'world price' for comparable grades and, when necessary, the farmers in Northern Ireland are paid a subsidy to enable this to be done. No direct subsidy is paid in the case of flax grown in Great Britain but all the scutching mills are owned by Her Majesty's Government who bear any losses that may be incurred.

Forestry

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

- (a) 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, £14 per acre for planting plus an annual contribution of four shillings and sixpence per acre towards the cost of maintenance over the first 15 years.
- (b) A grant of £14 per acre for planting woodlands not suitable for dedication.
- (c) A grant of £8 per acre, or, alternatively, two shillings per tree where not less than 200 trees are planted in avenues for planting on land devoted exclusively to poplars.

In addition, payments are made for the timely thinning of young conifer, hardwood or mixed plantations at the rate of £3.15s.0. per acre, subject to limits as to either (a) average total height, or (b) average girth at breast height. Not more than two such payments may be made in respect of the same stand.

Fisheries

- (a) White Fish. A subsidy is being paid to catchers of white fish (i.e. any fish found in the sea except herrings, salmon, migratory trout and shell fish) caught from British fishing vessels of less than 140 feet in length, in certain waters (between 43° and 63°N. and East of 17°W.). For vessels up to 70 feet in length, the subsidy is at the rate of 10d. per stone of fish sold wholesale; for larger vessels, it takes the form of a fixed sum (up to £12) per day spent at sea, and is not paid or is reduced where the gross earnings of the vessel per day at sea and/or for the voyage exceed certain maxima.

UNITED KINGDOM (cont'd)

(b) Herring Oil and Meal. Herring surplus to other requirements is purchased by the Herring Industry Board at a fixed price for conversion either in their own factories or in commercial factories. The proceeds from the sale of oil and of the meal which remains rationed and subject to a maximum price until 1 August 1953, does not meet the cost of purchase, processing and transport of the herring taken for conversion. The Board's loss is reimbursed by the Government by means of grants under the White Fish and Herring Industries Act, 1948. In the year ended 31 March 1952, the total grant for these purposes (excluding capital expenditure) amounted to £50,650.

The following amendments should be made to the statement of 31 August 1950 (GATT/CP/114):

Page 41, para.2, line 6. After "White fish" insert "(para.11)" and delete remainder of sentence "and certain ... fishermen (paras.11-13)".

Page 43, para.5. Delete "and in respect ... fertilisers used in agriculture" in first sentence of final paragraph.

3. Correction to notification of 1 August 1952, (G/4/Add.3, page 20)

Delete the words "and non-ferrous metals" from the third line of the paragraph headed "Paragraphs 1-2 (Introduction)".