

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/351/Add.1
22 August 1955

Limited Distribution

Original: English

NOTIFICATION OF SUBSIDIES UNDER ARTICLE XVI

Addendum

Under Article XVI of the General Agreement, contracting parties are required to submit notifications of subsidies which operate directly or indirectly to increase exports or reduce imports.

The following notifications have been received since 1 April:

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Contracting parties which have not yet sent their notifications for 1955 (see Executive Secretary's letter to Foreign Ministers of 7 April 1955) are asked to submit them before the end of September.

D E N M A R K

ification of 9 July 1955

The subsidy scheme for sugar for household purposes reported to GATT on 11 August 1950, has been abolished.

Apart from the price equalization arrangement for sugar for industrial purposes, the Danish Government consequently maintain no subsidy covered by Article XVI.

Under the Danish sugar scheme, which has been reported in detail pursuant to Article XVIII, paragraph 12, the Minister for Commerce, Industry and Shipping is empowered to fix the sales price charged by the Danish Sugar Factories.

The sugar scheme further provides that industries in whose production sugar enters as a component may buy sugar for their production at prices that will at times deviate from the quotations of the Danish Sugar Factories. In this case the prices are to be fixed with due regard to prices of sugar in international trade. In recent years, until the spring 1954, the price has in fact been higher than the above mentioned Danish quotations.

Since the spring of 1954, however, the world market price of sugar has been somewhat lower than the price charged by the Danish Sugar Factories. In continuation of the price policy pursued until then, the firms using sugar in their production may continue to buy sugar at the price quoted in international trade, although the price fixed by the Danish Sugar Factories has fluctuated about a somewhat higher level.

The contribution that it has been necessary to pay in this connexion, and which has corresponded to the margin at any time existing between the world market prices and the Danish quotation, comes from a price equalization fund, which is administered by the Danish Sugar Factories.

The means of that fund are obtained by appropriating a part of the surplus of the factories, i.e., from the period when the Danish price of production was lower than the world market price, to this price-stabilizing purpose.

The permission to buy sugar at the current world market price is given to industries using sugar with the reservation that, if the world market price should again rise above the current Danish quotation, the firms must be prepared to have to continue buying sugar at the world market prices and not at the lower Danish quotation.

The purpose of the scheme is, by means of the equalization fund, to create a buffer against the heavy fluctuations in the world market prices of sugar

and to create a possibility of long-term planning of the Danish growing of sugar beets and production of sugar, in order thus to make the production cheaper.

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

F I N L A N D

Notification of 27 June 1955

There have been no changes in the system of subsidization in Finland.

The Finnish authorities have been subsidizing exports of cheese, butter, pork, bacon and eggs in order that prices equal to those guaranteed to producers for sales on the home market be guaranteed also for sales abroad. Exports of cheese, mainly of the Emmenthaler variety, have been proceeding regularly. Exports of the other items referred to have been sporadic and unimportant, and in recent years certain quantities have sometimes even been imported.

FEDERAL REPUBLIC OF GERMANY

Notification of 21 June 1955

Both in respect of trade and industry as well as in the agricultural sector there have been no changes with regard to the measures notified last year.

I N D I A

Notification of 2 May 1955

Rebate on sales of handloom cloth

1. The Indian handloom industry provides employment for about 1.5 million people mostly in Indian villages. Following the slump condition which prevailed during the early part of 1952, sales of handloom cloth in India declined sharply and led to the accumulation of large unsold stocks. As a result, quite a number of establishments closed down thus aggravating the already serious unemployment position in the country-side. It became a matter of great urgency economically and politically to relieve this distress.

2. One of the reasons which affected the sales of handloom cloth at that time was the relatively high price which the consumers had to pay for it as compared with similar cloth manufactured by power looms or textile mills. Unless, therefore, the cost of handloom cloth to consumers was substantially reduced there was no prospect of popularizing its use or rehabilitating this village industry on a sound basis. The question of introducing technological improvement in the methods of production, better salesmanship, etc., needed careful planning and suitable steps have been taken to effect long term improvement. But as immediate relief for handloom weavers was most important, the Government of India sanctioned in September 1953 a scheme of financial assistance for the grant of rebates on internal sales of handloom cloth with a view to reducing the cost of those fabrics to domestic consumers. The procedure for the grant of this rebate is as follows:

- (i) rebate at one anna per rupee on wholesale sales of handloom cloth by Weavers' Co-operative Societies, Fair-price shops or other wholesalers;
- (ii) rebate at 9 pies to $1\frac{1}{2}$ annas per rupee on retail sales of handloom cloth worth Rs.2/- or over from Weavers' Co-operative Societies or State-owned Depots.
- (iii) rebate at one anna per rupee on retail sales worth Rs.2/- or over from consumers' Co-operative Societies or Fair-price shops of handloom cloth purchased from Weavers' Co-operative Societies, Primary Producers or middlemen.

3. Initially the scheme of rebates did not apply to sales of handloom cloth for export. At the same time, the export of cloth on which the rebate had already been allowed, could not be effectively prevented and some export of the subsidized cloth did take place. This gave rise to complaints from Co-operative Societies and State Trading Organizations that by not allowing the rebate directly on exports, they have been placed under a handicap vis-à-vis the other parties which had purchased cloth from them at concessional prices.

In order to remove this anomaly, the scheme of rebate was extended, with effect from 24 September 1954, to handloom cloth exported directly by Co-operative Societies and State Trading Organizations. According to the latest instructions, a rebate at a rate not exceeding one anna in a rupee will be admissible to:

(i) Co-operative Societies or State Trading Organizations on sales for export of handloom cloth purchased from Weavers' Co-operative Societies;

(ii) Co-operative Societies exporting handloom cloth direct.

4. The quantum of the subsidy on export works to six and a quarter per cent and, having regard to the fact that handloom fabrics are costlier, it can have little effect on exports. Further, the rebate allowed on internal sales can go up to $1\frac{1}{2}$ annas per rupee while that on external sales cannot exceed 1 anna in the rupee. The grant of rebate by the Government of India on the external sales of handloom cloth does not result in export at prices lower than that charged to the domestic consumer. As exports of handloom cloth by Co-operative Societies and State Trading Organization which alone are entitled to rebate under the Scheme, form a very small proportion of India's total exports of handloom fabrics, the effect of the rebate on exports of handloom cloth is not appreciable. This is borne out by the statistics of exports during the last quarter of 1954 when the scheme was in operation. Exports of handloom textiles by India during the last three years when the scheme was not in operation were:

1952	54.0 million yards
1953	63.0 million yards
1954	42.58 million yards

(January to Sept.)

5. Exports during the last quarter of 1954 when the Scheme was in operation were 15.3 million yards only, which gives a lower average than the figure for 1953, when the rebate scheme was not in operation.

J A P A N

Notification of 10 August 1955

No substantial modification has been made in the measures of subsidization applied in Japan since the previous notification except that subsidy for growing coniferous trees has been discontinued as from 1 April 1955.

T H E N E T H E R L A N D S

Notification of 25 July 1955

Since the notification of 12 August 1953 (document L/91/Add.1) the following changes have been made in the existing subsidies.

A. METROPOLITAN TERRITORY

1. Subsidies on consumers' goods

The subsidy on milk has been reduced to 3.5 cents per litre.

2. Subsidies on fodder

No amount has been appropriated for the subsidization of imported fodder during 1955.

3. Coal equalization fund

On 1 May 1955 the subsidization system for coal has been abolished and the coal equalization fund has since that date gone into liquidation.

B. OVERSEAS PARTS OF THE REALM

Unchanged.

N O R W A Y

Notification of 20 June 1955

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 of 23 June 1954.

S W E D E N

Notification of 23 June 1955

Since the last Swedish notification in the matter of 23 July 1954, (L/223) no new measures of subsidization have been introduced in Sweden.

In regard to the existing measures there have been no principal changes. However, for the sake of completeness it should be mentioned that the enterprise exporting and importing eggs ("Sveriges export- och importförening för ägg") may now, in addition to the previously granted means, also dispose of means which come in as a result of the importation fee on poultry meat.

