

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

Notifications Pursuant to Article XVI:1

Addendum

SPAIN

Subsidies granted to Spain's agriculture in 1968

The subsidies granted to Spanish agriculture, not only by the Ministry of Agriculture itself but also by State departments, are reported in document COM.AG/W/11, pages 11 and 12, together with the corresponding amounts for the years 1966 and 1967.

For the year 1968, these figures were as follows:

Distribution of Subsidies, by Subject-matter

<u>Item</u>	<u>1968</u>	
	<u>Ptas</u> <u>million</u>	<u>Percentage</u> <u>of total</u>
1. Use of means of production	1,351.0	32.4
2. Farm buildings	146.5	3.5
3. Individual farmers and groups of farmers	1,479.0	35.5
4. Improvements in farm production	114.8	2.8
5. Protection of farm production	878.5	21.1
6. Soil conservation	93.5	2.2
7. Agrarian industries	104.1	2.5
8. Rural social welfare	0.9	-
Annual total, in Ptas	4,168.3	100.0
(Total, US\$ million)	(59.5)	

The organizations granting these subsidies and the purpose thereof are as follows:

1. Subsidies for the use of means of production

Subsidies for the use of means of production are granted through the National Grains Service, the Department of Agriculture and the Consolidation of Farms and Agricultural Extension Service; they are granted principally for the purchase of seeds, fertilizers and machinery.

Subsidy on Use of Means of Production

<u>Organization</u>	<u>Item</u>	(Ptas million) <u>19681/</u>
<u>Seeds and fertilizers</u>		
1.1. National Grains Service	Grains for sowing	350.0
1.2. National Grains Service	Seeds and fertilizers for maize and grain sorghum	590.0
1.3. National Grains Service	Seeds and fertilizers for replacing wheat acreage by feedgrain and fodder cultivation	250.0
1.4. Department of Agriculture	Subsidy on seeds and pasturage	71.0
1.5. Department of Agriculture	Subsidy on fertilizers	27.0
	Sub-total	1,288.0
<u>Machinery</u>		
1.6. Consolidation of Farms and Agricultural Extension Service	Farm machinery	63.0
	Sub-total	63.0
	Total subsidies for use of means of production	1,351.0

2. Subsidies for farm buildings

The subsidies granted by the Ministry of Agriculture for farm buildings include those intended for the construction of manure cellars, granaries, maize driers, tobacco driers, livestock sheds, water supply and drinking troughs, buildings for animal husbandry and any other type of farm constructions. These subsidies are granted through the National Grains Service, the Land Settlement Institute, the Central Livestock Promotion Board, the Department of Agrarian Industries and the Consolidation of Farms and Agricultural Extension Service.

In 1968 there was an appreciable increase in the subsidies granted by the National Grains Service for maize and grain sorghum driers.

The total amount of subsidies granted under this heading was as follows:

Subsidies for Farm Buildings

<u>Organization</u>	<u>Item</u>	(Ptas million) <u>1968</u>
2.1. <u>Manure cellars</u>		
1. Land Settlement Institute	Construction of manure cellars on farms	0.3
2. National Grains Service	Construction of manure cellars on grain-producing farms	<u>0.5</u>
	Sub-total	0.8
2.2. <u>Granaries</u>		
1. Land Settlement Institute	Construction of granaries, silos, barns, haylofts, etc. on farms	0.2
2. National Grains Service	Construction of granaries, store-houses or silos on grain farms	<u>5.0</u>
	Sub-total	5.2
2.3. <u>Maize driers</u>		
1. National Grains Service	Improvements, storage, and maize and grain sorghum driers	<u>60.0</u>
	Sub-total	60.0

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<u>Organization</u>	<u>Item</u>	(Ptas million) <u>1968^{1/}</u>
2.4. <u>Animal husbandry</u>		
1. Land Settlement Institute	Construction of livestock sheds	0.1
2. Department of Agrarian Industries	Concerted action in producing units	50.1
3. Central Livestock Promotion Board	Construction of drinking troughs, dipping vats, purchase of equipment for sanitation, shearing, etc.	4.0
	Sub-total	54.2
2.5. <u>Other buildings</u>		
1. Land Settlement Institute	Other buildings	1.3
2. Consolidation of Farms and Agricultural Extension Service	Installations and outhouses (pig feeders, piggeries, stables, sheepfolds, cowsheds, poultry houses, agricultural storage premises, etc.)	25.0
	Sub-total	26.3
	Total subsidies for farm buildings	146.5

3. Subsidies to individual farmers and groups of farmers

Subsidies to individual farmers are available through the National Grains Service, primarily for those engaged in dry farming with low wheat productivity; it should be noted that the assistance is granted not in cash, but in the form of measures to augment overall production, for example, seeds, fertilizers and other inputs that contribute to improve productivity, part of the subsidies being designed to offset harvest losses, as well as to avoid and overcome the causes thereof. This heading is the most important among all the subsidies granted to Spanish agriculture, and accounts for 35.5 per cent of the total. The following table gives a breakdown of this type of subsidy, showing those granted to individual farmers and to groups of farmers. As may be seen, the largest amount by far is that granted to individual farmers:

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Subsidies Granted to Individual Farmers and Groups of Farmers

<u>Organization</u>	<u>Item</u>	(Ptas million) <u>1968</u>
<u>3.1. Individual farmers</u>		
1. National Grains Service	Grain farms with low productivity - grants for storage and maintenance of grain stocks, to offset delayed deliveries by farmers, and to remedy the causes of poor quality grain	1,250.0
	Sub-total	1,250.0
<u>3.2. Groups of farmers</u>		
1. National Grains Service	Grouping of wheat and grain farmers to encourage mechanization and group farming	229.0
	Sub-total	229.0
	Total subsidies to individual farmers and groups of farmers	1,479.0

4. Subsidies to improve production

These are designed to improve cultivation, forestry, animal husbandry, and farming in general.

The subsidies are granted through the Land Settlement Institute, the Department of Mountains, Game and River Fishery, the Central Livestock Promotion Board, the Livestock Department, and the Consolidation of Farms and Agricultural Extension Service.

The following table gives a breakdown of the various items:

<u>Subsidy for Improvement of Agrarian Production</u>		(Ptas million)
<u>Item</u>		<u>1968</u>
Cultivation improvement		0.5
Forestry improvement		15.5
Livestock improvement		48.4
Farm improvement		50.4
	Total	114.8

5. Subsidies to protect agricultural production

The subsidies to protect agricultural production mainly comprise those granted to combat plant pests and diseases, which are available through the Department of Agriculture, Department of Mountains, Game and River Fishery, and those designed to combat livestock diseases, which are available through the Livestock Department.

The aggregate amounts granted under these two headings were as follows (in Ptas million):

	<u>1968</u>
5.1. Campaign against plant pests and diseases	529.1
5.2. Campaign against livestock diseases	349.4

6. Subsidies for soil conservation

These are granted by the Consolidation of Farms and Agricultural Extension Service and are primarily designed for improvement, protection and conservation of the soil. The total amount of subsidies under this heading is as follows:

Subsidies for Soil Conservation

<u>Organization</u>	<u>Subject</u>	<u>(Ptas million)</u>
		<u>1968</u>
6.1. <u>Soil conservation</u>		
1. Consolidation of Farms and Agricultural Extension Service	Soil improvement and protection	24.2
2. Consolidation of Farms and Agricultural Extension Service	Soil conservation	69.3
	Sub-total	93.5
	Total subsidies for soil conservation	93.5

7. Subsidies to agrarian industries

These subsidies are granted for the establishment of industries in regions declared to be favourably located for certain agrarian industries, and for concerted action in refrigerated slaughter-houses.

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Subsidies to Agrarian Industries

<u>Organization</u>	<u>Item</u>	<u>(Ptas million)</u> <u>1968 1/</u>
<u>7.1. Agrarian industries</u>		
1. Department of Agrarian Industries	Agrarian industries in regions favourably located for agrarian industries	<u>97.0</u>
	Sub-total	97.0
<u>7.2. Concerted action</u>		
1. Department of Agrarian Industries	Concerted action in refrigerated slaughter-houses	<u>7.1</u>
	Sub-total	7.1
	Total subsidies for agrarian industries	104.1

8. Subsidies for social improvements in rural areas

This type of subsidy is primarily intended to promote activities beneficial to living conditions in rural areas, as well as for repairing damage caused by floods, national disasters and other similar occurrences. Total subsidies granted under this heading are as follows:

Subsidies for Rural Social Welfare

<u>Organization</u>	<u>Item</u>	<u>(Ptas million)</u> <u>1968 1/</u>
<u>8.1. Electrification</u>		
1. Land Settlement Institute	Electrification	<u>0.3</u>
	Sub-total	0.3
<u>8.2. Aid for special cases</u>		
1. Land Settlement Institute	Welfare activities, aid following floods and national disasters	<u>0.6</u>
	Sub-total	0.6
	Total subsidies for rural social welfare	0.9

So far as the distribution of subsidies is concerned, the following table lists the various organizations under the authority of the Ministry of Agriculture through which the subsidies are granted.

Distribution of Subsidies, by Organizations

<u>Organization</u>	<u>1968</u>	
	<u>Ptas million</u>	<u>Percentage of total</u>
1. Consolidation of Farms and Agricultural Extension Service	235.2	5.6
2. Department of Livestock	401.8	9.6
3. Department of Mountains, Game and River Fishery	33.6	0.8
4. Department of Agriculture	609.0	14.6
5. National Grains Service	2,734.5	65.6
6. Department of Agrarian Industries	<u>154.2</u>	<u>3.8</u>
Total in pesetas for each year	4,168.3	100.0

Farmers are granted a discount on the price of fuels purchased for agricultural use, the amount of aid being equivalent to the difference between the normal market price and the price fixed for this purpose. In 1967, this aid reached the amount of Ptas 3,879.4 million, and in 1968 it reached Ptas 4,137.4 million.

Subsidies to agrarian foreign trade

Subsidies to imports

Among the measures approved by the Government when the new par value of the peseta was established on 19 November 1967, special mention should be made, because of their influence on Spain's agrarian foreign trade, of those adopted to offset the increased cost of certain imported products that have an appreciable effect on the cost of living.

The Government earmarked Ptas 5,300 million in this connexion, to subsidize imports of the following products:

- frozen beef
- chilled beef

- fish meal
- fresh milk
- tallow
- meat meal
- soyabeans
- soya meal

While this measure is designed to offset the internal effects of the new par value of the peseta, it implies a direct incentive to commercial transactions with other countries and an indirect subsidy to "other agricultures".

In order to illustrate the significance of these Government measures, the following table shows the value of imports subsidized in 1968, which as may be seen reached approximately \$200 million.

Product	1968 imports c.i.f. value (\$)
Frozen beef	10,122,778.0
Chilled beef	54,184,687.6
Fish meal	15,221,392.9
Fresh milk	1,577,012.3
Tallow	8,497,990.7
Meat meal	1,625,553.5
Soyabeans	103,256,850.7
Soya meal	5,071,725.7
TOTAL	199,557,991.4

Source: Foreign Trade Statistics of Spain. Customs Administration.

The balance remaining from the amount earmarked for subsidizing imports in 1968 was carried over into the 1969 budget for the same purpose, although these subsidies will gradually be reduced to the extent compatible with the maintenance of prices.