

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

Notifications Pursuant to Article XVI:1

Addendum

FEDERAL REPUBLIC OF GERMANY

A. Industrial Sector

I. Subsidies to shipbuilding

The subsidies granted by the Federal Government to shipbuilding (interest subsidies for export and some domestic orders) do not exceed the maximum conditions set by the OECD (Resolution of the OECD Council of 18 July 1974), that is to say duration of credit seven years from delivery, down-payment 30 per cent, interest rate 8 per cent.

II. Subsidies to the national merchant fleet

The Government also grants shipping subsidies for new construction to commercial shipowners in accordance with shipping policy. These grants can amount to 12.5 per cent of the contract price and are not tied to the awarding of contracts to shipyards of a specific country. The grant is subject to repayment in whole, if the ship is sold within six years, and in part thereafter until the end of the tenth year. In 1974 a special tanker-programme was initiated to provide a 15 per cent grant for VLCC construction, subject to repayment in the event of the sale of the ship within twelve years. In the Federal budget for 1975 credits amounting to DM 105 million are provided for the above purpose. As an alternative, small and medium-sized German shipbuilders may be granted loans of up to 70 per cent of construction costs from the ERP Special Fund. Such loans are extended at 7.5 per cent interest, 97.5 per cent disbursement and a maturity of twelve years (including two years of grace). Appropriations for this purpose in the ERP economic plans for 1974 and 1975 come up to DM 45 million in each year. Assistance may also be given for ships which are being built abroad.

I. Subsidies to the film industry

The Film Promotion Law ("Filmförderungsgesetz") does not, in the German view, fall within the compulsory requirement to notify subsidies, because this is not a case of promotion out of budgetary resources. The promotion fund of the Film Promotion Institute derives its resources from equalization charges paid by cinema proprietors and financed jointly by such proprietors, film distributors and film-makers; this represents a kind of mutual aid to the cinematographic industry for which legal provision has been made. This is not, therefore, a case of budgetary subsidies granted by the State or by the Länder.

II. Nature of subsidy

The film promotion system is based on the Film Promotion Law which entered into force on 1 January 1968 and was amended in 1971 and 1974. Under the Law a Film Promotion Institute was established which is in charge of promoting the production of German films, assisting cinemas and encouraging screen advertising.

The Institute is financed out of a so-called "film levy" of 15 pfennige (since 1 July 1974). Up to 1973 about DM 14 million accrued from this levy.

A basic amount of (in recent years) an average DM 250,000 and in the case of high-quality films of a variable additional amount (DM 250,000 maximum) is granted to producers of feature films if they can prove to have made a film which has brought gross distribution returns amounting to DM 500,000 within the two years following the first screening. These funds have to be invested in new films. In addition, there is now the possibility of granting loans at low interest rates for film projects.

III. Effect

	Production of German feature films	Releases and first screenings of films, total	Share of German films in distribution turnover in %	Import/ Export
1971	99	385	36.1	No separate figures available for feature films
1972	85	405	32.7	
1973	95	388	26.3	

B. Agricultural Sector

Subsidization of exports of breeding stock

I. Nature and extent of the subsidy

(a) Background and authority

German breeding stock has reached a quality level which is internationally recognized. The situation cannot be safeguarded unless numerous breeders actively engage in efforts to achieve quality. In this respect, current demand from abroad creates the pre-conditions because it helps to relieve the market. In addition, the competition prevailing in foreign markets is regarded as an incentive to continuing improvement of the quality of breeding stock as an "available asset element" in the interest of national purchasers. Competitive capacity in relation to foreign suppliers is however limited by the level of domestic prices for high-quality breeding stock. For this reason it is necessary to encourage German exports of breeding stock.

The legal basis is the Budget Law in conjunction with the notice on subsidization of exports of pure-bred breeding stock to countries outside the European Economic Community dated 20 December 1973 (Bundesanzeiger No. 242 of 29 December 1973) as amended by the notice dated 15 July 1974 (Bundesanzeiger No. 133 of 23 July 1974) and as regards exports made after 1 January 1975 in conjunction with the notice dated 6 December 1974 (Bundesanzeiger No. 231 of 21 December 1974).

(b) Incidence

Upon application, subsidies are granted to exporters of breeding stock who must establish the identity of the exported animals, their origin and their age; in addition, the animals must fulfil certain minimum requirements in respect of yield and health; certificates of origin must be presented for each breeding animal.

(c) Total amounts of subsidies

In 1971:	DM 4,499,311
in 1972:	DM 6,498,723
in 1973:	DM 5,460,950
in 1974:	DM 5,085,331

(d) Amount of subsidy per head

Rates of subsidy per breeding animal when exported to:

Animal species	European countries ^{1/}		Extra-European countries	
	DM minimum	DM maximum	DM minimum	DM maximum
Cattle (excluding breeding cows)	260	400	390	600
Swine	117	180	195	300
Sheep	65	100	130	200
Goats	52	80	97	150

^{1/} Excluding EC countries.

II. Effect of subsidy

(a) Estimated quantitative effect of the subsidy on trade and the reason why it is assumed that the subsidy will have this effect

There is no indication that the subsidization has any appreciable effect on trade.

(b) Statistics relating to production, consumption, imports and exports for the last two years and the year 1963 which preceded the introduction of the subsidy system

Number of Head

	1963	1972	1973
<u>Imports</u>			
Cattle	2,070	472	220
Swine	381	300	193
Sheep	1,847	108	496
<u>Exports</u>			
Cattle	13,199	15,932	16,655
Swine	29	1,693	1,368
Sheep	837	1,282	699