

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Addendum

UNITED STATES

I. Introduction

This notification is made pursuant to the decision of the CONTRACTING PARTIES at the twentieth session. It reviews and reports on the status of United States programmes involving subsidies and export payments for farm commodities during United States fiscal years 1972-1974.¹

In late calendar year 1972/early 1973, the United States terminated export payment programmes and special exports of certain commodities at less than their domestic prices.² There was some assistance in fiscal years 1972 and 1973, prior to termination of these programmes. Included were exports of wheat and wheat flour under authority of the Commodity Credit Corporation (CCC) Charter Act and under the provisions of the Wheat Export Program, GR-345 (revision IV); Section 32, Public Law 74-320 (Agricultural Adjustment Act of 1935) subsidies on lard and poultry exports to specified countries; and sales at less than the domestic prices of rice, tobacco, certain oilseed products, non-fat dry milk and some feed grain under CCC and other legislative authority. Although some payments on existing contracts carried over into fiscal year 1974, no new payments were made in the last year covered by this report.

¹Previous reports - GATT document 2/27/42/Add.12, 20 October 1967; GATT document L/3411/Add.7, 26 February 1971; and GATT document L/3655/Add.14, 26 July 1972.

²As reported in L/3655/Add.14/Supp.1, 9 February 1973.

The payments and differentials for fiscal years 1972-73 are summarized in Attachment 1. Statistics of production, consumption, imports and exports appear in Attachment 2.

II. Payments on export sales of wheat and wheat products

The United States made export payments on wheat and wheat flour under the authority of the CCC Charter Act, under provisions of the Wheat Export Program, GR-345 (revision IV), and the Agricultural Trade Development Assistance Act (for P.L. 480 sales).

In fiscal year 1972 export payments totalled \$80.9 million on about 527 million bushels of wheat grain (slightly more than 14 cents per bushel as compared to 23 cents per bushel a year earlier) and on approximately 26 million bushels of the grain equivalent of wheat products (an average of 21 cents per bushel of grain equivalent, which was about the same as fiscal year 1971). Export payments in 1971/72 averaged 14.6 cents a bushel on all exported wheat and wheat products (exclusive of donations) that received export-payment assistance.

Export payments on wheat and wheat products in fiscal year 1973 totalled \$304.3 million on 862 million bushels of wheat grain (an average of about 35 cents per bushel as compared to 14 cents per bushel a year earlier) and on about 20.5 million bushels of the grain equivalent of wheat products (about 16 cents a bushel, down slightly from about 21 cents in fiscal year 1972). Export payments on wheat grain, exclusive of donations, averaged about 35 cents a bushel, compared with about 14 cents a year earlier. The United States Department of Agriculture reduced the export subsidy rate on wheat exports to zero in September 1972.

III. Export payment under Section 32

Section 32 Public Law 74-320 authorizes the use of direct payments to producers to encourage exports of agricultural commodities and products thereof. Export subsidies on lard and whole chickens were terminated in January 1973.

A. Lard

The Department of Agriculture programme of cash payments to exporters of United States lard to the United Kingdom began in 1968. The purpose of the programme was to permit United States producers to compete in this traditional

market in the face of subsidized lard exports from other sources. In August 1969, the subsidy rate was reduced from 2 cents to 1 cent per pound. On 11 January 1973 the export subsidy on lard was terminated altogether.

United States lard exports to the United Kingdom under this programme totalled about 142 million pounds in fiscal year 1972. Export assistance in the form of cash payments at 1 cent a pound came to \$1.4 million.

Prior to termination of the export subsidy on lard, fiscal year 1973 exports to the United Kingdom totalled about 56 million pounds. At payments of 1 cent a pound export assistance in fiscal year 1973 came to \$0.56 million.

B. Poultry

The United States Section 32 export payment programme on poultry products was originally initiated in September 1965, to compete with subsidized exports by foreign poultry producers. It was implemented only on a limited basis and was terminated in June 1967. On 29 April 1968, the United States announced the resumption of the programme for sales of United States frozen chickens to Switzerland after failure to reach agreement with other poultry exporting countries to terminate subsidization of poultry exports. Poultry destined for Greece was approved for Section 32 export assistance in late November 1969, also for reasons of subsidized export competition.

The United States export payment programme for sales of whole young chickens to Switzerland and Greece continued in operation during the period July 1971-January 1973. Fiscal year 1972 payments under this programme totalled about \$1.3 million. Shipments to Switzerland amounted to 8.6 million pounds with payments averaging 14 cents a pound. Shipments to Greece reached 0.8 million pounds and the average payment was about 8 1/2 cents a pound. Total chicken exports under this programme in fiscal year 1972 were 9.4 million pounds and cash export payments averaged about 13 cents a pound.

The United States export payment programme for chicken was terminated on 11 January 1973. Total fiscal year 1973 exports under the programme prior to its termination amounted to 4.1 million pounds, with export payments averaging nearly 13 cents a pound and amounting to \$0.5 million. Exports to Switzerland totalled 3.2 million pounds, with cash payments averaging 14 cents a pound. Shipments to Greece reached 0.8 million pounds - export assistance averaged 8½ cents a pound.

IV. Special export programmes

In order to maintain an equitable share of the world market, special export programmes are selectively applied to certain price-supported agricultural commodities which cannot otherwise compete in foreign markets when world prices are lower than United States support levels. Compensation to exporters may be in the form of payments in cash or in kind on exports of commercial stocks or Government-owned or loan stocks. Export programmes are constantly under review, and modifications are made as a result of new agricultural legislation, as well as to meet changing domestic and world price situations. Programmes for commodities sold for export at less than the domestic market price during the relevant fiscal years are summarized below.

A. Rice

Export payments to United States exporters of rice are authorized by the CCC Charter Act and the Agricultural Trade Development Act (for P.L. 480 sales).

In fiscal year 1972 export payments were made on 31.5 million cwt. of milled rice shipped abroad and totalled \$57.2 million. The larger average export payment of \$1.81 a cwt., compared with \$1.02 a year earlier, reflected the greater divergence between the United States domestic price and the competitive world price.

In fiscal year 1973, export payments were made on 28.5 million cwt. of rice exports. Export payments totalling \$49.8 million (an average of \$1.75 per cwt.) reflected the narrowing gap between the United States domestic price and the competitive world price. Rice export payment rates were reduced to zero on 21 December 1972.

B. Tobacco

The tobacco export payment programme was initiated in early 1966 as a rebate on exports of old crop stocks of price support loan tobacco. In July 1966, the programme was changed to permit direct payments of CCC funds as authorized under the Charter Act of the CCC and was made applicable to all kinds of tobacco subject to price supports for the current crop.

Export payment assistance during fiscal year 1972 averaged 5 cents a pound and totalled \$27.9 million. This was down somewhat from the previous year's \$30.4 million because of the lower volume exported.

In fiscal year 1973 export payments were made on all exports of unmanufactured tobacco. Cash export payments in fiscal year 1973 averaged nearly 5 cents a pound -- the same as in fiscal 1972 -- and totalled \$29 million -- about the same as the preceding year. The export payment programmes for tobacco was terminated effective with the 1973 crop.

C. Oilseeds and related products

1. Linseed oil

CCC export sales of raw linseed oil in fiscal years 1972 and 1973 were at world prices about 1 1/2 to 2 cents below United States domestic prices. No export payments were involved in these sales for exports, which were carried out under the CCC Charter Act and the Agricultural Act of 1949.

Fiscal year 1972 shipments from government-owned stocks were 59 million pounds. CCC sales prices to exporters averaged approximately 1 1/2 cents a pound below domestic prices for an estimated cost to CCC of \$0.9 million. Export contracts on raw linseed oil at competitive bid prices totalled about 75 million pounds in fiscal year 1973, and 123 million pounds were exported from contracts made in fiscal year 1972. All fiscal 1973 contracts were executed during the first 7 weeks of the period; thereafter, sales of linseed oil for export at less than the domestic market price were terminated. The fiscal year 1973 CCC sales price to exporters averaged about 1.9 cents below the domestic market price, for an estimated cost to CCC of \$3.7 million.

2. Peanuts

The Agricultural Act of 1949, which provides for price support programmes for peanuts, and the CCC Charter Act authorizes CCC to sell peanuts for domestic oil crushing or for export at the support price. Export assistance for peanuts is in the form of an export differential between the domestic market price (support price) and the CCC export sales price. The purpose of the export assistance programme is to provide a secondary outlet for farmers' stock peanuts which are surplus to domestic food requirements. During recent years, the support level and acreage for peanuts have been maintained at the minimum permitted by legislation.

In fiscal year 1972, approximately 375 million pounds of CCC peanuts were exported below domestic prices for edible peanuts. The average price differential was about 7 cents a pound, for a total export assistance of \$26 million.

Fiscal year 1973 exports of CCC peanuts were approximately 393 million pounds. The average price reduction was about 4 cents a pound for a total export assistance differential of \$15.7 million. There was no export assistance for peanuts in fiscal year 1974. Export sales of CCC peanuts were at prices equal to or above the support price and consequently, there was no export differential.

D. Dairy products

1. Non-fat dry milk

The CCC export assistance programmes for shipments of non-fat dry milk to foreign governments, charitable organizations and United States-owned overseas plants continued in operation in fiscal year 1972 and part of fiscal year 1973. Export sales under the CCC programmes amounted to about 90 million pounds in fiscal year 1972. With an average price differential of about $9\frac{1}{2}$ cents a pound, export assistance amounted to \$8.6 million.

Export sales of CCC non-fat dry milk were suspended in October 1972. Between July-October 1972, a total of 18.2 million pounds was exported at an average price differential of around 5 cents a pound. Export assistance totalled only \$0.9 million in fiscal year 1973.

2. Butter

In May 1971, the United States Department of Agriculture announced a limited export sales programme of CCC butter. During fiscal year 1972, shipments under this programme totalled nearly 123 million pounds. At an average price differential of about 17 cents a pound, total export assistance amounted to \$20.9 million. The programme was discontinued in fiscal year 1974. During this period United States butter shipments under the programme totalled only 4.3 million pounds with all shipments going to Canada. The average export differential was 14 cents a pound, for a total assistance of \$0.6 million.

E. Feed grains

Export assistance to feed grains in 1971-72 involved only small quantities of barley and oats sold at world prices when privately-owned stocks were not available in port position to fill out cargoes. Although the total differential between the price-support value and world prices totalled about \$10.5 million, a part of these grains were actually financed under P.L. 480. The total differential between CCC's inventory value and world prices averaged about 17 cents a bushel for barley and 27 cents for oats.

ATTACHMENT 1

Export Payments and Sales Differentials on United States Agricultural Products Average per Unit
and Total Value, FY 1972-73¹

BTN No.	Commodities	Unit	FY 1972		FY 1973	
			Ave. per unit, \$	Total value \$ million	Ave. per unit, \$	Total value \$ million
02.02	Chicken	pound	0.13	1.3	0.13	0.5
04.02	Non-fat dry milk	pound	0.095	8.6	0.049	0.9
04.03	Commercial butter	pound	0.17	20.9	0.14	0.6
10.01	Wheat grain	bushel	0.14	75.4	0.35	301.1
10.03	Barley	bushel	0.17	4.7	-0-	-0-
10.04	Oats	bushel	0.27	5.8	-0-	-0-
10.06	Filled rice	cwt.	1.81	57.2	1.75	49.8
10.07	Grain sorghum	bushel ²	-0-	-0-	-0-	-0-
11.01	Wheat flour ²	bushel ²	0.21	5.6	0.16	3.2
15.01	Lard	pound	0.01	1.4	0.01	0.5
15.07	Linseed oil	pound	0.015	0.9	0.019	3.7
12.01	Peanuts	S.T.	0.07	26.2	0.04	15.7
24.01	Unmanufg. tobacco	pound	0.05	27.9	0.48	29.0

¹FY 1974 data not available.

²Subsidy rate is shown as bushel equivalent of wheat.

ATTACHMENT 2

Table 1

Supply and Distribution of United States Agricultural Commodities Covered by Report
(Years 1971/72-1973/74)

Commodities	Years	Units	Beginning stocks	Production	Imports	Domestic disappearance	Exports	Ending stock
Wheat ^{1/}	1971/72	Thous. Bushels	731,478	1,617,789	1,045 ^{2/}	854,701	632,539	863,072
	1972/73	" "	863,072	1,544,936	1,306	784,567	1,186,293	438,454
	1973/74	" "	438,454 ^{3/}	1,705,167	3,786	751,303	1,148,703	247,401
Feed grains ^{4/}	1971/72	Mill. Short Tons	33.2	207.7	.5	165.7	27.3	48.4
	1972/73	" "	48.4	199.9	.4	173.2	43.1	32.4
	1973/74	" "	52.4	205.0	.2	171.0	44.4	22.2
Rice ^{5/}	1971/72	Thous. Cwt.	18,634	85,768	1,100	35,370	56,948	11,434
	1972/73	" "	11,434	85,439	522	35,740	54,029	5,139
	1973/74	" "	5,139	92,765	163	36,682	49,722	7,842
Tobacco ^{6/}	1971/72	Mill. Pounds	3,667	1,705	-- ^{7/}	1,312	571	3,488
	1972/73	" "	3,488	1,749	--	1,312	639	3,289
	1973/74	" "	3,289	1,746	--	1,353	732	2,950
Peanuts ^{8/}	1971/72	Mill. Pounds	453	3,005	2	2,516	552	392
	1972/73	" "	392	3,275	2	2,719	521	429
	1973/74	" "	429	3,474	2	2,650	702	553
Linseed oil ^{10/}	1971/72	Mill. Pounds	204	426	--	286	67	277
	1972/73	" "	277	393	--	293	264	113
	1973/74	" "	113	335	--	254	135	59

Table 1 (cont'd)

Commodities	Years	Units	Beginning stocks	Production	Imports	Domestic disappearance	Exports	Ending stock
Lard ^{12/}	1971/72 1972/73 1973/74	Mill. Pounds " " " "	77 44 28	1,667 1,304 1,339	-- -- --	1,480 1,186 1,140	220 132 180	44 28 48
Chicken ^{13/}	1971 1972 1973 1974	Mill. Pounds " " " " " "	164 148 111 147	8,720 9,102 8,916 8,970	4 2 5 4	8,528 8,923 8,670 8,715	212 218 215 233	148 111 147 173
Non-fat dry milk ^{13/}	1971 1972 1973 1974	Mill. Pounds " " " " " "	138 90 45 75	1,418 1,223 917 1,005	2 2 267 115	1,093 965 1,117 875	375 305 37 29	90 45 75 290

^{1/} Data by class, except production, are approximations. Projected disappearance figures should be regarded as midpoint of estimated ranges; figures based on 1 July-30 June crop year.

^{2/} Imports and exports include flour.

^{3/} Excludes grain in transit, the volume of which was abnormally large as of the survey date.

^{4/} Figures for 1973/74 are preliminary and the crop years are as follows: Corn, 1 October-30 September; Sorghum, 1 October-30 September; Barley, 1 July-30 June; and Oats, 1 July-30 June.

^{5/} Ending stocks on rice include a statistical discrepancy of: +1,750 for 1971/72; +2,487 for 1972/73 and +3,821 for 1973/74. This results from loss, waste, variation in conversion factors and incomplete data. Figures based on 1 August-30 July crop year.

^{6/} For flue cured and cigar wrappers, the crop year begins on 1 July and ends 30 June for all other types, the crop year begins on 1 October and ends 30 September.

^{7/} Supply and distribution for United States tobacco imports listed separately on Table 2.

^{8/} 1 August-31 July crop year.

^{9/} Preliminary figures.

^{10/} 1 July-30 June crop year.

^{11/} Forecast, except for beginning stocks.

^{12/} 1 October-30 September crop year. Figures do not balance due to rounding.

^{13/} Calendar year.

ATTACHMENT 2

Table 2

United States Supply and Distribution of Imported Foreign Grown Tobacco, 1971-1973
(Farm Sales - Weight Equivalent Basis)

Calendar Year	Beginning stocks	Imports	Supply	Disappearance	Ending stocks
		('000 lbs.)			
1971	484,467	304,073	788,540	366,498	422,042
1972	422,042	287,746	709,788	185,761	524,027
1973	524,027	322,255	846,282	291,673	554,609