

**GENERAL AGREEMENT ON  
TARIFFS AND TRADE**

Original: English

WORKING PARTY ON TRADE IN CERTAIN NATURAL  
RESOURCE PRODUCTSBackground Note Submitted by Canada

During its 20-21 September 1984 meeting on trade in fish and fisheries products, it was agreed that, at its next meeting dealing with the fisheries sector, the Working Party would explore further the questions of quantitative restrictions and subsidy practices which could have a trade-distorting impact (MDF/W/17 of 22 November 1984, paragraph 3; MDF/3 of 14 November 1984, paragraph 22). It is understood that the secretariat will prepare a background note outlining such information on these practices as may be available to it. The objective of the document attached to the present note is to make available information compiled by Canadian authorities on quantitative restrictions and governmental financial assistance practices implemented by certain contracting parties. The information contained therein has been compiled from a variety of sources. Although such information is not definitive or fully comprehensive, the Canadian delegation would hope that this document, plus additional material circulated by the secretariat and other interested contracting parties, will provide background for a review of these matters at the next Working Party meeting on fisheries.

It is also expected that the secretariat study on "Problems of Trade in Fish and Fisheries Products", circulated in document Spec(84)7, will be reissued by the secretariat for review at the next Working Party meeting. It is anticipated that the revised study will strengthen, inter alia, the section of the study dealing with tariff escalation and effective tariff protection (MDF/W/17 of 22 November 1984, paragraphs 2 and 4; MDF/3 of 14 November 1984, paragraph 22).

A. SCANDINAVIA

I. Norway

- (a) Quantitative restrictions: none
- (b) Government financial assistance

1. Operational: Since 1964, the Norwegian Fisherman's Association (Norges Fiskarlag), the national trade union of fishermen, has negotiated an annual agreement with the Norwegian Government determining in effect the amount and use of support to fishermen, boat owners, etc. The Norges Fiskarlag includes about 900 local fishermen's associations with about 31,800 members. According to a 2 December 1983 press release from the Norwegian Ministry of Consumers' Affairs and Government Administration, "the main problem of today's fishing industry is that the fleet capacity is too big compared to catch resources". Massive subsidies perpetuate this situation.

For 1983, government support for the Association totalled NOK 1.1 billion as follows:

- NOK 421 million for the "cod sector", including subsidies for costs, prices and sale of shrimp, crab, whaling and sealing, shark, sturgeon, Atlantic smelt, artificially dried fish-meal and cod, as well as for transportation and onboard round freezing of fish for fillet production;
- NOK 96 million for the "herring sector", including prices and costs of fishing and first-hand sale of mackerel, coast-caught sprat and fjord herring;
- NOK 483 million for interest support, (including to the dry fish industry), operations of baiting line centrals, bait support, minimum share guarantees, holiday arrangements, support for fishing in distant waters, insurance costs and a fuel subsidy;
- NOK 117 million for measures for increasing production efficiency, funding fish searching and experiments, general restructuring and reserves.

In addition to the above, NOK 200 million was granted as a loan (partly interest-free) to the fishing industry, while export guarantees for dry fish of NOK 240 million were made available.

In 1984, government operational support for the Association, has outlined in the Storting consideration of the proposed 1984 agreement, again totalled NOK 1.1 billion as follows:

- NOK 511 million for the "cod sector";
- NOK 85 million for the "herring sector";
- NOK 389 million for interest support, operations of baiting line centrals, bait support, etc. as above;
- NOK 114 million for measures for increasing production efficiency, etc. as above.

In addition to the above, NOK 100 million granted for the years 1979-82 as a loan to the General Price Reserve for herring, etc., was extended to 31 December 1984; an additional twelve months' extension of part payment was given for previously obtained liquid loans to the industrial trawler fleet, the fresh fish trawlers, coast fishing vessels in East Finmark and to general loan arrangements for the whole fleet; the Ministry of Fisheries was authorized to guarantee, through the Guarantee Institute for Export Credit (GIEK), up to NOK 300 million in connection with the export of various fish products; authority was granted to the GIEK to charge expenses of up to NOK 100 million on guarantees given to the export of dry fish to Nigeria.

2. Investment: The Norwegian State Fishery Bank has a variety of different schemes offering low-interest loans for investment in vessels, gear and other equipment (NOK 368 million in 1979). The processing industry benefits from loans, loan guarantees and investment grants from the State Fishery Bank and the Regional Development Fund.

3. Export-credit guarantees: These guarantees are made available to the private sector when private banks consider the risk of repayment too high.

## II. Iceland

(a) Quantitative restrictions: none

(b) Government financial assistance programmes

1. Fisheries Loan Fund: income of the fund is derived from an export levy on most fishery products as well as direct contributions from the Icelandic Treasury and from the "Development Fund of Iceland"; loans are provided to fishing vessels and processing plants. Although interest rates are reportedly the same as applied in the capital market, it is not clear how these rates compare to those otherwise commercially available. Loan principal is linked to the rate of exchange vis-à-vis the SDR, which may imply some element of subsidy in light of the rate of devaluation of the Icelandic currency in recent years as compared to increases in indexation levels applied elsewhere in the economy.

2. Modernization or diversification: a recent programme is intended to assist vessel owners to adopt energy-saving devices; the principal of the 1-3 year loans is indexed, but is interest-free.

3. A price-support programme: has been in existence for several years, designed to redirect harvesting effort to underutilized lower valued species such as plaice, Norway pout and blue whiting. This programme is financed by levies on exports of fisheries products, thus constituting a transfer payment to fishermen from processors who benefit, with respect to certain important exports, from tariff preferences into the European Communities.

### III. Finland

(a) Quantitative restrictions: Finland imposes an annual global quota for fish and fish products based on value in Finnish Markkas. This quota is applicable to all countries. The annual import quota for salmon (ex CCCN Chapters 03.01 and 03.02) was FIM 1.3 million in 1983; that for certain other fish products (ex CCCN Chapters 03.01 and salted or in brine Baltic herring in 03.02) was FIM 2.5 million. Licences for the import of salmon have not been issued in the past few years due to good salmon catches in Finland (i.e. imports are viewed as a residual source of supply). Import licences for all fisheries products covered by agreements with other EFTA countries and the Soviet Union are granted automatically.

#### (b) Government financial assistance programmes

1. One of the assistance programmes is directed toward modernization of the fishing fleet and the processing industry. This programme provides for interest rebates on loans provided by private banks. In 1982, total loans amounted to FIM 14.9 million, and interest rebates totalled FIM 1.4 million. In 1983, the totals were FIM 15.7 million and FIM 1.8 million respectively.

2. Fishing insurance activities are maintained by six fishery insurance associations and one private insurance company. The main part of the indemnifications comes from the Government. In 1983, total indemnifications totalled FIM 5.2 million, of which the Government share was FIM 3.1 million.

3. There is a price-support scheme for Baltic herring, sprat and roach. During 1983 the budget appropriation for direct price support was FIM 19.5 million.

4. In 1983, the appropriation for transporting herring from production areas was FIM 3 million.

5. In 1983, the appropriation for enterprises exporting fish products was FIM 3.9 million.

IV. Sweden

(a) Quantitative restrictions: may be applied to fresh or chilled cod; fresh, chilled or frozen clupeidae; fresh or chilled fillets of clupeidae and mackerel and to salted Baltic herring (stromming).

(b) Government financial assistance programmes

1. Price-regulation system: (a) The core of the system is the establishment of norm-prices and norm-quantities, set yearly by the government after consultation with the National Agricultural Board and representatives of fishermen and consumers. A representative reference market price is also established. Price supplements are then established as a percentage of the difference between norm and market reference prices. Seventy per cent of the difference between the two prices in the case of herring and 75 per cent for other species is paid out as price supplements to around 4,000 fishermen. (b) Minimum prices are also established - these are lower prices at which fish will be withdrawn from the market. If the fish in question cannot be sold on the open market at the minimum price, the Swedish Fish Association takes over the fish at the withdrawal or "surplus" price, which is lower than the minimum price. The Government guarantees that enough funding is available to finance this system - during 1981/82, the costs of the price supplement amounted to SEK 57.7 million; in 1984/85, SEK 64.5 million.

2. Other financial support in 1982/83 can be summarized as follows: (a) SEK 6.5 million for subsidies within the fishing industry - subsidies for fishing vessels apparently are limited to SEK 150,000 per project and may not exceed 10 per cent of the approved cost of acquiring a new or used vessel, or 50 per cent of the cost of converting to another fishery; subsidies are also extended towards the establishment of fish processing firms and for the installation of safety equipment onboard fishing vessels; (b) SEK 10 million in loans to the fish processing industry for product development of fish caught by Swedish vessels and SEK 25 million in loans for the purchase of vessels and fishing gear - the rate of interest is two thirds the official discount rate (after a two-year initial grace period); (c) SEK 3 million for salmon and eel culture; (d) loan guarantees are also available for fishing and fish processing companies - a loan for which a guarantee has been given is regarded by the State as a debt of its own until the loan has been completely repaid; (e) State subsidies shall be given to those fishing companies which have not fished due to catch limitations; (f) a catch-limitation loan shall be granted to a fishing company which has liquidity problems due to a standstill caused by catch restrictions; (g) a financial guarantee may be granted to fishermen to promote a fishery on unexplored fishing grounds or related to under-exploited species; public finance is guaranteed up to a certain amount for loss due to experimental fishery.

B. WESTERN EUROPE

V. Spain

(a) Quantitative restrictions

1. From time to time, Spain has temporarily prohibited the import of fish products. For example, in October 1983, a ban of indefinite duration was placed on the import of octopus, squid and cuttlefish, because of heavy domestic landings and growing inventories.
2. A global quota is in force for imports of flours and meals of fish, crustaceans or molluscs (ex CCCN Chapter 23.01).
3. All imports require an import licence or an import declaration. Since December 1976, marine products in CCCN Chapter 03 have been subject to discretionary licensing. The relevant Spanish Government Order of 18 December 1976 states that the Spanish Administration required a better mechanism for regulating imports of fisheries products in order to establish adequate co-ordination between the interests of the Spanish fishery sector and the population's supply requirements. Imports are intended to be a supplement to catches by the Spanish fleet.

(b) Government financial assistance programmes

1. The Spanish Market Regulation and Organisation Fund (FROM) has intervened to sustain the prices of some fisheries products on a seasonal basis.
2. The FROM also assists the development of the coastal fisheries sector through a loan programme of which the main beneficiaries are fishermen's associations, co-operatives, and associations in the fish processing sector.
3. The FROM budget in 1982 was approximately Pta 660 million.
4. The Social Credit Organisation for Fisheries (Crédito Social Pesquero) is an official credit institution which provides low-interest loans to the Spanish fishing industry for such purposes as the construction of new vessels, vessel conversion and modernization, aquaculture, the development of Canaries fisheries, etc. The funding level for 1982 was Pta 6,453 million, up substantially from earlier years.
5. The Under-Secretariat of State for Sea Fisheries: provides two forms of financial support: (a) direct subsidies - a fuel subsidy which totalled approximately Pta 7,100-7,200 million annually during 1980-1982 and a restructuring programme involving annual subsidies of about Pta 800 million; a grant programme to those unemployed due to the loss of fishing licences is apparently being phased out; (b) a public-investment programme which was funded at a level of about Pta 2,200 million in 1982.

## VI. Portugal

### (a) Quantitative restrictions

1. All imports of greater than Esc 15,000 in value require an import licence.
2. Every year the Government establishes a global import quota known as the Plano de Abastecimento de Pescado (PAP) in terms of quantity, which determines the amount of fish and fish products which will be permitted into the country in the forthcoming year. The global quota is normally distributed among the Comissão Reguladora do Comércio de Bacalhau (CRCB), the canned fish industry, the frozen fish processing industry and fish traders (the latter two through respective industry associations).

(b) Government financial assistance programmes: financial aid to the fishing industry in 1981 for the construction and upgrading of vessels was as follows: Esc 288 million paid out as grants; Esc 2,493 million available as low-interest loans; Esc 338 million transferred on a non-refundable basis to nationalized enterprises.

## VII. European Communities

### (a) Quantitative restrictions

1. Reference price system: each year a price ("guide price") is fixed for each of the species in the pricing system. Withdrawal prices (the lowest prices that members of a Community producer organization may receive for a species under the withdrawal scheme) are a factor of the established guide prices. The reference price system was introduced to complement the withdrawal scheme applicable to domestic producers. The reference price establishes the base price at which a number of imported fish products should normally have access to the EC market. In principle, the reference price only acts as a trigger, i.e. only if the reference price is undercut by the actual import price for more than three consecutive market days, and if significant amounts are imported, the EC Commission may take action. When the reference price has been contravened, imports may be subjected to the requirement that the free-at-frontier price be at least equal to the reference price; otherwise these imports will not be allowed. The reference price system has been used to limit imports. Between 3 August and 20 November 1981, for example, imports of frozen cod fillets into the United Kingdom and Ireland were prohibited unless they complied with the relevant reference prices. It is not clear whether membership of EC fishermen in producer organizations is sufficiently numerous to ensure the enforcement of governmental measures which operate to restrict the quantities of the like domestic product permitted to be marketed or produced.

### (b) Government financial assistance programmes

1. Current assistance is based on the Common Fisheries Policy adopted in 1983. Under the previous programme of the European Agricultural

Guidance and Guarantee Fund, total disbursements from 1978 to 1982 totalled about ECU 100 million. The new Policy includes laying-up grants, grants for new construction, vessel modernization and aquaculture developments, grants for exploratory voyages, and grants for joint-venture activities with certain third countries.

2. Capacity adjustment: EC Member countries may grant financial assistance for measures relating to either the temporary or permanent reduction of production capacity. Fifty per cent of the approved costs incurred by Member States under these programmes will be reimbursed by the Community, whose total financial contribution is estimated to be ECU 76 million over the three-year period to 1986.

3. Restructuring, modernization and development: relates to the purchase or construction of new fishing vessels, and the modernization or conversion of fishing vessels already in use; the construction, equipment or modernization of installations for rearing fish, crustaceans and molluscs; and the construction of artificial structures to facilitate restocking of Mediterranean coastal areas. EC assistance is given in the form of a subsidy for a maximum of 25 or 50 per cent, provided that the Member State also participates financially. The total programme is estimated at ECU 156 million over a three-year period ending in 1986.

4. Exploratory fishing: the EC has budgeted ECU 11 million for exploratory fishing voyages and ECU 7 million for certain joint fishing ventures.

5. Export subsidies: to allow the export of fish and fishery products to the world market, EC regulations allow for granting export premiums which aim at covering the difference between the world market price and the price within the EC. The most recent examples concerned certain mackerel and coalfish products, although the programme has been temporarily suspended since November 1983.

6. Some EC support is involved in financing the withdrawal of domestic fisheries production from the market when excess fish supplies cause prices to fall below the established withdrawal prices.

#### VIII. France

(a) Quantitative restrictions: none.

(b) Government financial assistance programmes

1. There is a multi-annual (1983-87) investment programme which subsidizes the construction of new vessels in all sectors. Envisaged is the construction of coastal, middle-distance and distant water fisheries boats. The programme provides for grants of up to 35 per cent for the construction of new vessels, or for major conversions to existing vessels, and low interest loans covering from 66 to 92 per cent of total project costs. The total budget for the programme was FF 88.8 million in 1983 and FF 106 million in 1984.

2. Subsidies to maintain the fleet and employment are accorded to vessels engaged in "large scale" fresh fisheries. Government expenditures under this programme were FF 155 million in 1982 and FF 150 million in 1983.
3. Grants up to 25 per cent of cost are available for onshore fisheries equipment; low interest loans are also available for the same purpose.
4. There are other measures of support, of which measures for the promotion of marine culture are the most important. Public aid to this sector increased from FF 72 million in 1981 to FF 126 million in 1984.
5. Intervention by the "Fonds d'intervention et d'organisation des marchés des produits de la pêche maritime et de la conchyliculture" (FIOM) for market support and improvement activities; grants up to 30 per cent of the pre-tax investment are available.
6. The 1985 "Budget Mer" includes fisheries industry-related government support totalling approximately FF 614 million.

#### IX. United Kingdom

- (a) Quantitative restrictions: see VIII European Communities, section (a).
- (b) Government financial assistance programmes
  1. There is a grant and loan programme for investment in new vessels, and for the improvement of existing vessels. Grants vary from 25 to 30 per cent of approved capital costs according to geographical area. Loans are available for up to 50 per cent of approved expenditures - although commercial rates of interest are charged, the loans may not otherwise be available commercially to borrowers. The financial aid provided under this scheme during 1982 was about £4.5 million for grants and £2.7 million for loans.
  2. Loans are available for small processing and ice plants.
  3. Grants are available towards the encouragement of the formation of fishing co-operatives through partial funding of administrative expenses of the Fisheries Organization Society Ltd. (FOS).
  4. Relief from excise duty on hydrocarbon oil is provided for fishing vessels.
  5. Financial support for services provided by the Sea Fish Industry Authority. The Government is to contribute £7.9 million during 1985-1987 for market development of fisheries products.
  6. Regional assistance in the form of grants and loans at favourable rates of interest is provided for the fishing industry by the Highlands and Islands Development Board in Scotland.

7. Under the terms of the Industry Act of 1972, the Department of Industry provides a variety of grants and loans limited to "development" areas. The fishing industry amongst others may benefit from this programme.

8. Under Section 10 of the Industry Act 1972 (as amended 1975), the Government, through the Ship's Mortgage Finance Company, may guarantee the repayment of loans for the purpose of financing the construction of new ships.

#### X. Greece

(a) Quantitative restrictions: none

(b) Government financial assistance programmes

1. Grants are given for the renewal of old, uneconomic vessels (20 per cent) and for the replacement of vessels lost for reasons of force majeure (25 per cent).

2. Grants are given for the modernization of equipment for fishing vessels (20 per cent) and for the replacement of marine diesel engines up to fifteen years' service (35 per cent).

3. Grants are given for setting up trout farming (30 to 50 per cent); for the establishment of fish-farming units in cages, grants of 40 per cent are given.

4. Grants are given for setting up shellfish-breeding units (40 per cent).

5. Loans are available at favourable interest rates (currently 13.5 per cent) for all fishing activities.

6. State guarantees for loans are available for the renewal of old, uneconomic vessels and equipment.

7. Fishery production is not subject to income tax.

8. Loan facilities and export aid are available for the processing sector.

9. Subsidies are granted in the following cases:

- 15 per cent of sales value for sponge production;
- up to 50 per cent of insurance premiums on wooden vessels;
- grants of up to 80 per cent for the first year and 70 per cent for the second year of expenses incurred in setting up new fish-processing units;

10. Since the beginning of 1983, the following EC origin export subsidies are in place:

- sardines: Dr 25,063 a tonne;
- small fry (minnows, anchovies, sprats): Dr 26,036 a tonne;
- salted fish: Dr 5,794 a tonne.

11. Total subsidies and grants for the fishing industry have been as follows - 1983: Dr 470 million; 1984: Dr 763 million. EC financial assistance granted for the Greek fishing industry is utilized as follows - 50 per cent of all subsidies for the replacement of old vessels; 50 per cent of all grants for fish farming.

12. On 30 October 1984, a Ministry of National Economy decision was signed setting criteria for applications to construct thirty-five fishing craft in Greek shipyards (Dr 4 billion in investments). The applications have been submitted by co-operatives and consortiums who want their investments to be brought under the development law as regards incentives and free grants. For these investments, the grants would fluctuate between 10-50 per cent.

#### XI. Federal Republic of Germany

(a) Quantitative restrictions: none

(b) Governmental financial assistance programmes

1. In order to assist German fisheries, a programme of "Immediate Measures for Capacity Adjustment" was introduced in 1978. It includes measures to encourage fishing for new species and the exploration of new fishing grounds as well as scrapping and laying-up programmes. Between 1978 and 1983, expenditures under this programme totalled DM 156 million.

#### XII. Denmark

(a) Quantitative restrictions: none

(b) Governmental financial assistance programmes

1. The Danish Export Credit Council offers guarantees on export credits and operates as a guarantor on export loans.

2. The Royal Danish Fisheries Bank provides loans covering up to 85 per cent of the construction cost of new fishing vessels and 75 per cent of the cost of acquisition of used vessels. The purchase of processing plants and equipment is assisted through loans covering 75 per cent of the plant cost and 60 per cent of the equipment cost. The loans have maturities varying from ten to thirty years. Although loans are reportedly tied to market interest rates, it is not clear whether this funding would otherwise be available to the fisheries sector through commercial banks in the terms

indicated. In 1982, DKr 297 million in bonds and DKr 803 million in cash was paid out by the Bank in loans to the fishing industry.

3. Since 1979, fishermen have been able to install equipment on board vessels with the assistance of grants covering 25 per cent of equipment costs. Since 1981, this programme has been extended to cover equipment designed to improve fuel consumption, for which 40 per cent of the cost is covered by grants. In 1982, DKr 23.2 million was appropriated for these grants.

4. Assistance to processors includes a grant programme providing 25 per cent of the cost of projects for developing, processing and/or storage of fish products intended for human consumption. In 1982, DKr 17.3 million was spent on this programme.

#### XIII. Italy

(a) Quantitative restrictions: none

(b) Government financial assistance programmes

1. The Italian fleet and fish processors are eligible for EC/national government financing regarding producer organizations, new vessel construction or modernization, aquaculture projects, plant construction and marketing. In 1982, Italy passed a consolidated programme for the fisheries sector, to provide increased funding on a three-year planning basis. Initial funding of Lit 66.5 billion was provided under an interim funding plan for the April 1983-March 1984 period. The first three-year plan has been submitted to the appropriate Italian authorities, providing for total funding of Lit 117.7 billion.

2. Special social security tax reductions are granted to fishing companies in the Mezzogiorno region.

3. Special government-controlled prices on petroleum and diesel fuel are available for fishing vessels.

#### XIV. Netherlands

(a) Quantitative restrictions: none

(b) Government financial assistance programmes

1. An amount of f. 6 million has been allocated in 1984 from national funds for the construction and modernizing of fisheries vessels. A maximum of f. 30 million is available from EC funds for this programme. A similar programme applies to aquaculture projects.

2. A small support programme is in operation for experimental fisheries projects - i.e. fisheries in distant waters, not or rarely explored previously.

XV. Ireland

(a) Quantitative restrictions: see VIII European Communities, section (a).

(b) Government financial assistance programme

1. Under an Irish Government programme, newly constructed fishing vessels are eligible for a grant of 25 per cent of approved costs, including fishing gear, which is supplemented by a subsidized loan. The grant and loan scheme also covers capital improvements.

2. Additional and supplementary grants are provided by the EC to assist in the construction, modernization and conversion of fishing vessels. Over the period 1978 to 1982, 162 projects were funded under this programme at a total cost of approximately £12 million.

XVI. Belgium

(a) Quantitative restrictions: none

(b) Government financial assistance programmes

1. Due to increased investments and a subsidy to encourage fuel savings, financial aid to the fishing industry (including the processing and distribution sectors) increased from BF 38.7 million in 1979 to BF 73.1 million in 1981 (BF 56.9 million in 1983). Under low-interest loan programmes, a further BF 326 million were advanced in 1982, compared to BF 184 million in 1980.

C. JAPAN

XVII. Japan

(a) Quantitative restrictions

1. Japan applies global quotas on the following fisheries products:

- CCCN Chapter 03.01-2-(2): herring, cod (including Alaska pollack) and its roes, yellow-tail, mackerel, sardines, horse-mackerel and saury, fresh (live or dead), chilled or frozen;
- CCCN 03.02-1: hard roes of cod (including Alaska pollack), salted, in brine, dried or smoked;
- CCCN 03.02-2-(1): cod (including Alaska pollack), herring, yellow-tail, mackerel, sardines, horse-mackerel and saury, salted, in brine or dried, "Niboshi" (small, boiled and dried fish for seasoning use);
- CCCN 03.03-2-(1): scallops, cuttlefish and squid (excluding "Mongo ika" (Sepia Subaculcata)), live; scallops, adductors of shellfish, cuttlefish and squid (excluding "Mongo ika"), fresh, chilled or frozen;
- CCCN 03.03-2-(2): scallops, adductors of shellfish, cuttlefish and squid (excluding "Mongo ika"), other than live, fresh, chilled and frozen;
- CCCN 12.08-3: edible seaweeds;
- CCCN 21.07-2-(2)-B-(b): food preparations of seaweeds.

2. The Japanese Government does not license fish traders; however, for certain fish products they may allocate the import quota to specific trading groups, thereby eliminating other interested traders.

(b) Government financial assistance programmes

1. A programme for the maintenance and development of coastal fishing grounds is administered by the prefectural governments with the Japanese Government contributing 50 per cent to 60 per cent of total costs. Expenditures for each for 1980 and 1981 amounted to approximately ¥ 14,000 million (US\$60 million approximately).

2. A programme to promote the modernization of the fishing industry. The Japanese Government reimburses the prefectural governments in part for a programme of low-interest loans extended to fishermen's co-operatives for the purposes of improving fisheries management and upgrading capital

equipment. The national government share is 50 per cent of the total cost of funding this programme; State expenditures amounted to ¥ 4,068 million (US\$17 million approximately) in 1980.

3. A programme of subsidies to promote fish farming at a cost of ¥ 4,485 million in 1980.

4. A programme of infrastructure improvements at a cost of ¥ 7,547 million in 1980.

5. A programme of long-term, low-interest loans to maintain and enhance productivity within the fishing industry; funding is made available through the Agriculture, Forestry and Fishery Finance Corporation, which is essentially a lender of last resort. In 1980, loans extended amounted to ¥ 111,862 million (US\$475 million approximately).

6. There are numerous other programmes, including a programme to promote energy conservation in the fisheries sector, a fishing-boat damage compensation system, and low-interest loans providing funds necessary to purchase the fuel oil required for the operation of the fishing industry.

7. In order to facilitate the stabilization of marine product prices, subsidies are made for the costs incurred in the adjustment and storage programmes undertaken by producer organizations for fish varieties where fish are landed in a concentrated space of time.

8. Guarantees of loans instituted by the Fishery Credit Fund Association (for medium and small-scale fishermen).

D. NORTH AMERICA

XVIII. Canada

- (a) Quantitative restrictions: none
- (b) Government financial assistance programmes

1. There is a subsidy conversion programme for vessel construction or modification for vessels up to 75 feet (Fishing Vessel Assistance Programme) and a loan programme to fishermen for the purpose of construction, purchase or repair of fishing vessels, equipment and buildings (Fisheries Improvement Loans). Under the former, the subsidy has been reduced from 35 per cent to 25 per cent of the total capital cost up to a maximum assistance of Can \$125,000 per vessel, while for the latter the ceiling has been raised from Can \$50,000 outstanding at any one time, to Can \$150,000 (in 1982 loans amounted to Can \$3.9 million). The interest rate on Fisheries Improvement Loans is prime plus 1 per cent and the maximum repayment period is fifteen years. The Government guarantees these private-sector loans against default.

2. The Shipbuilders' Assistance Programme provides grants to shipbuilders of vessels 75 feet or longer, including (but not limited to) fishing vessels. At present, the grant covers 8 per cent of vessel costs. During 1984 only Can \$2.7 million was provided in assistance to shipbuilders for the construction of fishing vessels.

3. Fishermen (as well as producers in several other economic sectors) are exempt from paying the 4.6 per cent per imperial gallon Federal sales tax on fuel.

4. More recently, a major restructuring of the Canadian fish-processing industry has taken place. A restructuring bill (C-170) authorized Federal Government equity participation in fishing companies. Three companies have been involved to date. In one case, the Federal equity is 100 per cent, in the second 50 per cent and the third, 20 per cent.

5. A National Fish Quality Improvement Programme is being developed to help improve the profitability of all sectors and levels of the fishing industry. The programme consists of five elements: vessel certification; unloading and handling, holding and transportation; point-of-sale grading; in-plant quality-control; and final product-grade standards. This programme has not yet been fully implemented. Initially, certain elements of the programme will be cost-shared, but eventually the programme will be funded by the private sector.

XIX. United States

(a) Quantitative restrictions: none<sup>1</sup>

(b) Government financial assistance programmes

1. Fishermen's Protective Act (Protective Fund): provides for the reimbursement of losses from the seizure of fishing vessels by foreign countries.

2. Fishing Vessel and Gear Damage Compensation Fund: provides for loans covering loss, damage or destruction to fishing vessels or gear by foreign vessels operating within the United States Fishery Conservation Zone. Loan interest rates cannot exceed 3 1/2 per cent per annum and loans are cancelled if it is determined that the domestic fishermen were not at fault. The domestic fishermen's rights to recover are assigned to the Government. The fund is financed by revenue received from fees assessed on owners of foreign fishing vessels seized in the United States Fishery Convention Zone. Between 1979 and 1982, the value of claims under this fund totalled US\$6.5 million.

3. Fishermen's Contingency Fund: compensates fishermen for vessel, gear, and economic loss resulting from obstructions related to oil and gas exploration, development, and production on the Outer Continental Shelf.

4. Fishing Vessel Obligation Guarantee Programme: provides loan guarantees (through the National Marine Fisheries Service) for financing or refinancing the cost of construction, reconstruction or reconditioning of fishing vessels up to a limit of US\$5 million per guarantee. As of December 1982, the programme also guarantees loans for shoreside facilities such as processing plants. The financial results of this programme are longer amortization periods, lower interest rates, a larger amount of financing and more flexible repayment terms than would otherwise be available. The interest rate charged the borrower usually is the prime rate less 1 or 2 per cent with loan maturities of 15-25 years. As of January 1984, total active loan value under this programme was US\$30 million.

5. Farm Credit System of the Farm Credit Administration: loans to fishermen and co-operatives for general business operations, including vessels, gear, shore facilities and supplies; with respect to vessels, the loans cover up to 75 per cent of vessel cost and have a maximum seven-year maturity; loans have been numerous in recent years.

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<sup>1</sup> But note that the Nicholson Act forbids foreign vessels from landing fish directly in United States ports. Fish must be transferred through a foreign country before the product will be admitted. This has the effect of protecting United States fishermen from direct competition from foreign fishermen.

6. Economic Development Administration (Title I): provides grant funding for, inter alia, shore-based facilities, under the Public Works and Economic Development Act. For example, in 1979 construction began on a redevelopment project at the Boston Fish Pier, which houses the New England Fish Exchange, the daily auction. The project included the construction of fish-processing and commercial office facilities, a fender pile system, traffic-related improvements, and utilities installation. Forty-five per cent (US\$8.5 million) of the funding was provided by a grant from the EDA.

7. Small Business Administration: Section 7a, Direct Loans and Loan Guarantees - to fund, inter alia, construction, renovation and acquisition of vessels under 5 tons and fund needs of smaller onshore facilities; loans are provided at reduced interest rates and deferred repayment for fishing vessels or onshore facilities acquisition covering 67 per cent of acquisition cost; only enterprises not eligible for other forms of assistance under the National Marine Fisheries Service (see 4 above) are eligible.

8. Coastal Regional Commission, Coastal Plains Supplements to Federal Grant-in-Aid: provides a portion of the local share of Federal grant-in-aid programmes for the construction of equipping facilities, etc., when the community, because of its economic situation, cannot supply the matching share. Aid is through project grants. This programme has provided some financing for the Gulf and South Atlantic Fisheries Development Foundation.

9. Fishing Vessel Capital Construction Fund: permits qualifying fishermen to establish tax-deferred capital construction accounts for the purpose of providing replacement vessels, additional vessels or reconstructed vessels built in the United States. Since the applicant pays no tax on deposits in fund and earnings are not currently taxed, the effect of this fund is an interest-free loan of the money he would otherwise pay in taxes. Between 1979 and 1983, 372 North-eastern United States fishing vessels were involved in this programme, for a total fund value of US\$100 million.

10. Saltonstall-Kennedy Act: funded by up to 30 per cent of gross receipts collected by United States Customs on imported fisheries products; about US\$10 million is spent annually for production and market development.

- In addition to Federal assistance, State and many local governments provide economic-development assistance which directly or indirectly assists the United States fishing industry. Such projects include harbour-dredging and port-development and infrastructure support. In addition, State assistance is provided with respect to marketing new or traditional species and product forms. One example of State assistance follows:

11. Massachusetts State-authorized bonds: private investment in New Bedford (the largest fishing port in the North-eastern United States) has expanded, assisted by a reduction in interest costs obtained by the issuing of State-authorized industrial development bonds that allow private investors to lend money at reduced interest rates (often 66 to 75 per cent of prevailing prime rates), because of the Federal-tax-exempt nature of the bonds. At least ten separate projects involving the New Bedford fish-processing industry were so financed between 1978 and 1982, representing a total of about US\$17 million in issued bonds.