

GENERAL AGREEMENT ON TARIFFS AND TRADE

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NOTIFICATION OF SUBSIDIES UNDER ARTICLE XVI

By Decision of the CONTRACTING PARTIES of 2 March 1950, contracting parties maintaining subsidies falling within the scope of Article XVI of the Agreement were required to submit notifications as required by that Article.

The following communication has been received from the United States Government.

UNITED STATES

Notification of 8 March 1955

This notification is made pursuant to the decision of the CONTRACTING PARTIES at the Fifth Session (GATT/CP/92, 11 January 1951). This notification provides supplementary information to bring the data with respect to the United States up to date, through 30 June 1954.

Export subsidy programmes

1. Export Payment Programmes Under Section 32

The information provided here is supplementary to the data provided in the other notifications by the United States under Article XVI.

Export payments under Section 32 of the Act of 24 August 1935 are made, on a limited scale, to assist exporters of certain agricultural commodities to maintain the traditional United States position in foreign markets, where as a result of trade or exchange controls or other foreign government intervention, the United States competitive position has been impaired.

The obligation for Section 32 expenditures of about \$13 million represent less half of one per cent of the total value of farm exports of \$2,932 million for the 1953-54 fiscal year.

The following table gives preliminary figures for obligations made pursuant to export programmes under Section 32 during the 1953-54 fiscal year.

Section 32 Export Subsidy Obligations During
the Fiscal Year 1953-54 as of 30 June 1954.

<u>Commodity and Unit</u>	<u>Quantity</u>	<u>Obligations (dollars)</u>
Dried Raisins (tons)	49,478	\$ 1,971,777
Dried Apricots (tons)	1,818	272,641
Fresh Pears (box)	298,287	298,287
Fresh Grapefruit (box)	280,011	210,009
Fresh Oranges (box)	3,946,741	4,208,999
Other Citrus Products	-	1,045,012
Honey (lbs)	17,604,292	670,247
Corn (bu)	9,322,000	1,500,000
Wheat (bu)	15,960,210	2,805,355
Total	- - -	\$12,982,327

Section 32 programmes in effect during the 1953-54 fiscal year were as follows:

Raisins - Details of the programme, which was effective from 1 September 1953 to 31 August 1954, were reported in GATT document L/91/Add.4. On 13 October a new programme was announced for the period ending 28 February 1955, which is similar to the programme in effect in recent years.

Dried Apricots - An export payment programme for dried apricots was announced on 28 April, and was terminated on 11 June 1954. Payments to exporters were authorized at the rate of 7½ cents per pound for dried apricots of No. 6 (standard) size or larger and dried apricot slabs meeting specified grade requirements. Eligible countries included all foreign countries except Australia, Iran, Spain, Syria, and the Union of South Africa, the countries and areas listed in sub-group A of Group R of the Comprehensive Exports Schedule issued by the Bureau of Foreign Commerce, United States Department of Commerce, and those countries located in North, South and Central American and adjacent islands.

Fresh Pears - Details of this programme, effective 25 September 1953, were reported in GATT document L/91/Add.3. This programme was terminated on 1 June 1954.

Citrus Fruits and Products - The 1953-54 export programme for citrus fruits and products was made effective 31 October 1953. It was similar to the 1952-53 programme reported in GATT document L/91/Add.2. It provided for the exportation of fresh oranges and grapefruit and processed orange and grape-fruit products. Payments for fresh oranges and grapefruit from Florida and Texas were discontinued on 15 June 1954, for fresh oranges from California and Arizona on 30 July 1954, and for fresh grapefruit from California and Arizona on 30 September 1954.

The rate of payment for fresh grapefruit was 75¢ per box, as in the preceding year's programme. The rate for fresh oranges was reduced to \$1.00 per box from the preceding year's rate of \$1.25, and payments per unit of most processed products were similarly reduced.

Eligible countries, as in the previous year's programme, were announced to be Austria, Belgium, Denmark, Finland, France, the Federal Republic of Germany, Greenland, Iceland, Luxemburg, The Netherlands, Norway, Sweden, Switzerland, and the United Kingdom. The United Kingdom was dropped from the list on 12 April 1954.

It may be noted that expenditures continued to be made in the fiscal year 1953-54 on exports of citrus products effected under the previous year's programme, and that such expenditures are included in the figures shown in the table on page 2.

A new programme for citrus fruit exports in fiscal year 1954-55 was made effective on 1 November. It provides for reduced rates of payment, amounting to 75¢ per box for fresh oranges, 60¢ per box for fresh grapefruit, and correspondingly lower rates for processed citrus products. Eligible countries remain the same, but payments on exports to the United Kingdom are limited to canned hot pack concentrated orange juice.

Honey - The honey export programme, reported in L/91/Add.2, was terminated on 17 October 1953.

Corn - A programme for corn under which CCC - owned corn was offered for sale at reduced prices for export was authorized on 24 June 1954. Under this programme approximately nine million bushels of CCC - owned corn for commercial export to the United Kingdom was made available under three Foreign Operation Administration procurement authorizations. An export allowance of 15 cents per bushel which was paid to CCC from Section 32 funds made the corn available to exporters at the then current CCC Export Sales Price for corn. However, only about 2 million bushels had been exported through 30 June 1954.

Wheat - An interim programme of export payments was in effect from 30 June 1953 to 1 September 1953 on sale of wheat and wheat flour for export made under terms consistent with the renewed International Wheat Agreement. This was done in order to avoid a break in the export movement of United States wheat to traditional foreign markets pending official notification of renewal of the Agreement and the enactment of domestic legislation needed to carry out United States obligations under it.

2. Sales under the International Wheat Agreement

In order to obtain the benefits and discharge the obligations under the International Wheat Agreement, which comes under the exception of Article IX-I(h) the United States had to pay wheat exporters the difference between the domestic market price for wheat and wheat flour and the Agreement Sales price. Such payments totalled about \$56 million in the fiscal year 1953-54.

3. Export sales of CCC price support stocks at less than domestic market price under Section 407 of the Agricultural Act of 1949

During 1953-54 the Department continued to dispose of surplus agricultural commodities acquired under price support by commercial sale. For the most part these sales were made pursuant to export price lists issued monthly indicating quantities available for sale and the sales price or price basis.

At the start of the year, as during 1952-53, commodities on the list were being offered for the most part at domestic market price. During the course of the year, as prices in international trade declined below the supported prices in the United States, it became necessary to offer these commodities at prices competitive with those prevailing in world markets.

Sales made at these export prices during 1953-54 were as follows:

(a) Wheat - In November 1953 the Department of Agriculture announced that it would make sales of wheat outside IWA at prices equivalent to wheat agreement prices. Buyers had to certify that the wheat purchased would not be substituted for International Wheat Agreement exports. In the fiscal year 1953-54 sales of wheat for export as wheat or wheat flour under this special programme totalled approximately 78 million bushels.

(b) On 20 May 1954 the Department of Agriculture announced a new export programme for Government-owned corn, barley, oats and rye for sale for commercial export at world price levels. This programme was to terminate for each commodity as the new crop could begin to move into the market. Corn was to terminate 1 October, barley 15 June, oats 15 June, and rye 1 July. Approximately 5.5 million bushels of corn, 6 million bushels of barley and minor quantities of oats and rye were sold under the programme through 30 June 1954.

(c) On 2 June 1954 the Department of Agriculture offered grain sorghum for commercial export at \$1.75 per hundredweight f.o.b. ships through 15 June only. Approximately 8 million hundredweight of grain sorghum was exported.

(d) During the fiscal year 527 million lbs. of linseed oil was exported at prices competitive with those prevailing in world markets. Cottonseed oil was also sold at prices competitive with those prevailing in world markets by means of bids from 1 July 1953 to 1 April 1954 and for the balance of the fiscal year at fixed price. Sales during 1953-54 totalled 167 million lbs.

(e) On 17 May 1954 the Department of Agriculture announced the contemplated sale of the 1953 crop bulk flaxseed for export on a bid basis. Under this programme 2,697,607 bushels were sold at prices competitive with those prevailing in world markets.

(f) In July 1953 the Department of Agriculture sold about 800,000 cwt. of pea beans that had deteriorated or that were in danger of deteriorating. These pea beans were from the 1951 crop. If the purchaser reprocessed the beans up to No. 2 quality he could export the beans. It is estimated that between 500,000 and 600,000 cwt. of reprocessed pea beans were exported. On 4 February 1954 the Department of Agriculture began the sale of large lima beans and during the fiscal year 1953-54 a total of 69,527 cwt. was exported.

(g) During the last two months of the fiscal year 1953-54 relatively small quantities of dairy products were exported at prices competitive with those prevailing in world markets. The amounts were:

196,248 lbs. butter
32,339 lbs. cheddar cheese
670,285 lbs. non fat dry milk solids

(h) On 2 October 1953 the Department of Agriculture announced certain stocks of hay and pasture and winter corn crop seeds for export sale. Under the announcements 21,000,000 lbs. of hay and pasture seeds and 14,460,000 lbs. of common vetch were sold during the fiscal year 1953-54.

(i) During the fiscal year 77,000 tons of shelled peanuts for crushing were exported.

