

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Notifications by Contracting parties

Addendum

LUXEMBURG

The following notification has been received from the Government of Luxembourg:

Notification of 27 March 1959

No subsidies, as mentioned in Article VI of GATT regulations, are granted to agriculture in Luxembourg. The structural subsidies that are granted to certain commodities in Luxembourg (such as beef and pigmeat, milk and butter, wheat and rye) do not affect the import and export of these commodities, and their sole purpose is to ensure an adequate income for agriculture while at the same time keeping consumer prices fairly low in the interests of the economy as a whole.

Structural subsidies are paid in the following manner. For the main agricultural commodities the government fixes official prices for the producer, based on the cost price. As agriculture labours under very unfavourable conditions in Luxembourg, the cost price of these commodities is high, while the general economic structure of the country precludes the fixing of consumer prices for agricultural commodities at the same level as production prices. A double price system has thus been established, including both prices at the producer stage, based on the cost price, and consumer prices fixed at a fairly low level. The difference between these prices is bridged by structural subsidies from the State budget. It should be noted that these subsidies only apply to the volume of commodities produced and consumed within the country itself.

The total amount of structural subsidies averages Frs. 300 million, including Frs. 100 million for bread grains (wheat and rye), Frs. 130 million for the dairy sector (milk and butter), Frs. 55 million for beef and Frs. 15 million for pigmeat.

The Luxembourg Government grants no subsidies for industrial production.