

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

Notifications Pursuant to Article XVI:1

Addendum

FEDERAL REPUBLIC OF GERMANY¹

The products which come under the common agricultural policy will henceforth be the object of a set of measures whose application is governed by the obligations of the Community. The Commission of the European Economic Community will transmit a communication concerning these products.

FORAGE PLANT SEEDS

I. Nature and extent of subsidy

(a) Background and authority

To supply the German consumer with indigenous seeds at reasonable prices, an adequate crop of seeds of suitable varieties is indispensable. This can only be achieved by guaranteeing the producer a gross yield per hectare which will correspond to an average grain harvest even in the event of a poor harvest caused by unfavourable weather conditions. In the case of subsidized forage plants the fodder value is often very disproportionate to the seeds yield since seeds of plants with a high fodder value return only a small value per acre. As a compensation the promotion bonus is granted to maintain and stimulate seed growing since the efficiency of agriculture - under, in part, difficult farming conditions - cannot be safeguarded, unless tested seeds of certified varieties are made available. The legal basis is constituted by the Budget Law.

(b) Incidence

The promotion bonus is only granted to farmers growing seeds and only in cases where it has been established that the particular seed needs and deserves promotion. A fixed amount per unit is established for each variety. The amount of the annually fixed bonus or likewise the cancelling of the bonus depends on the harvest and the world market price.

As a matter of principle, no subsidies are paid for seeds to be exported.

¹For previous notification see L/1948/Add.11

POTATOES WITH HIGH STARCH CONTENT

I. Nature and extent of subsidy

(a) Background and authority

To guarantee the necessary yield of light soils which depend on the cultivation of potatoes and are not so much in a position to participate in the supply of food potatoes owing to their long distance from the markets the growers of potatoes with a high starch content receive a cultivation premium out of the Federal Budget according to EEC Regulations Nos. 55/62 and 56/62. Legal basis is constituted by the annual Green Plans based on the Agricultural Act of 5 September 1955 (BGBl. I, 1955, page 565).

(b) Incidence

The premium is limited to the amount of potatoes with a high starch content, provided there is proof that they have been supplied on the basis of concluded cultivation and delivery contracts to the potato starch industry in the Federal territory. The payment of the premium is limited to the supply to the starch industry because these factories are not in a position to pay more than DM 0.40 per kilo of potato starch. A yield per hectare in the amount of DM 2,000, which is required to make the cultivation of potatoes worthwhile, will only be achieved if the farmer obtains DM 0.55 per kilo of starch for potatoes containing 16 per cent of starch. The premiums, comprising a fixed amount per unit, is paid only if the starch factory proves that a minimum price of DM 0.55 per kilo of starch including the premium has been paid to the grower of potatoes.

(c) Amount of subsidy

The premium quota is limited to the quantity of potatoes needed to produce 30,000 tons of potato starch flour.

(d) Estimated amount per unit

The premium amounts of DM 0.15 per kilogram of starch obtained from the total quantity of potatoes supplied.

II. Effect of subsidy

Estimated quantitative trade effects of the subsidy and the reason why it is considered that the subsidy will have these effects

The payment of the premium does not affect the volume of potato imports or exports since it does not result in any increase of national production of potatoes and since the total of premium disbursements is limited to a quantity

of potatoes equivalent to about 40 per cent of the Federal Republic's demand for potato starch flour. No potato starch flour is exported from the Federal Republic.

GAS OIL FOR FISHERIES

I. Nature and extent of the subsidy

(a) Background and authority

Shipping (including fisheries) may use gas oil duty and tax free (General Tariff Law dated 29 November 1961 and Ninth Ordinance amending the implementing regulation relative to the Mineral Oil Tax dated 4 February 1962). In order to keep operating costs of fishing vessels at a reasonable level aids are granted for the use of gas oil. The legal basis for these contributions is provided by the annual Federal Budget Law.

(b) Incidence

As a rule, this aid is granted to the large-scale herring fisheries, small-scale deep-sea fisheries, coastal and inland fisheries (in total about 35 per cent of the total fishing yield of the Federal Republic of Germany) to maintain the operation of these enterprises. No large-scale deep-sea fishery shall receive this aid unless its need has been proved (operational losses).

(c) Estimated amount per unit

The aid given amounts to DM 7 per 100 kgs. of gas oil consumed.

II. Effect of subsidy

(a) Estimated quantitative trade effects of the subsidy and the reason why it is considered that the subsidy will have these effects

The gas (diesel) oil aids have no impact on exports, since they are granted for domestic consumption only; as regards imports they can induce but an increase since gas (diesel) oil is primarily an imported product. Since 1950 imports of fish and fishing products have been constantly increasing.

(b) Statistics of production, consumption, imports and exports

data are not available.

LANDING PREMIUMS PAID TO DEEP-SEA FISHERIES

I. Nature and extent of the subsidy

(a) Background and authority

Subsidies are paid to deep sea fisheries for the necessary economic consolidation of deep-sea fisheries; e.g., for new buildings or rebuilding as well as repairs of ships, the purchase of installations and equipment which are required for the regular operation of fishing vessels, and which are promoting modernisation and rationalization, repayment of debts and/or funding as far as the debts involved are Federal loans, loans from credit institutions or other private investors. The Budget Law is the legal basis.

(b) Incidence

Landings from the catch of domestic fishing vessels in the Federal Republic are the assessment basis. Subsidies are only granted for landings of deep-sea fisheries, for which evidence is produced showing that their landings have been either sold for immediate human consumption to buyers from trade or the processing industry, or salted aboard. For large-scale deep-sea fisheries, large-scale herring fisheries, small-scale deep-sea fisheries and coastal fisheries the subsidies amount to 2.75 per cent of gross receipts from sales plus 1.5 per cent of the gross receipts from sales for the landings of the large-scale herring fisheries, and 4 per cent of gross receipts from sales for the landings of the small-scale deep-sea fisheries and coastal fisheries.

(c) Estimated amount per unit

The landing premium (basic premium) amounts:

For the deep-sea fisheries depending on the tonnage of their active vessels from 3 to 6 per cent of gross receipts from sales; and

for the large-scale herring fisheries and small-scale deep-sea and coastal fisheries 6 per cent of gross receipts from sales, plus a supplementary bonus amounting to:

4 per cent of gross receipt from the sale of shrimps

3 per cent of gross receipts from the sales of fish packed aboard in boxes with chopped ice

3 per cent for live fish or large fish of special quality standards

3 per cent for deep-frozen fish fillet sold in 1 kg. household packages

3 per cent of gross receipts from sales of herrings salted aboard and having special quality and grading standards.

II. Effect of subsidy

Estimated quantitative trade effects of the subsidy and the reason why it is considered that the subsidy will have these effects

It is expected that these subsidies will tend to improve quality standards and to increase consumption and thus help to overcome the structural crisis but that they will have no impact on foreign trade.

MILK

I. Nature and extent of the subsidy

(a) Background and authority

A bonus is granted to dairies from Federal budget funds in order to continue to improve the quality and hygienic standards of milk. The bonus should offer the dairy farmer a certain compensation for his higher performance which cannot be achieved through the market price. The farming law of 5 September 1955 is the legal basis. The payment of the bonus will be reduced under the application of the EEC milk market organization, milk and dairy products (Council Regulation No. 13/64 of 5 February 1964).

(b) Incidence

The bonus is paid to the dairy farmer. The fixed amount for every kilogram of delivered milk will be paid on the condition that the milk meets the standards prescribed in the quality regulations of the Laender and that these regulations provide for payment at different rates according to the quality of the milk. Effective 1 July 1966, the difference between the price paid to the producer of milk of the quality grades I and III was changed from a minimum of 2 pfennige to a minimum of 4 pfennige per kilogram of delivered milk.

II. Effects of subsidy

Estimated quantitative trade effects of the subsidy and the reason why it is considered that the subsidy will have these effects

As already stated under I(a) the purpose of the bonus is to improve the quality of milk and to increase productivity. Imports of milk are in no way affected by this bonus since in the Federal Republic of Germany the milk market is organized on a regional basis. According to this organizational pattern regional milk markets may be supplied, in principle, just as little from German milk producing areas not incorporated into their region as from any foreign country. Milk exports are of no importance.

BREEDING STOCK

I. Nature and extent of the subsidy

(a) Background and authority

The maintenance of the very high quality level of breeding cattle in the Federal Republic involves considerable production costs, which cannot be covered without Government intervention in view of foreign competitors working with subsidies. Reimbursements are made in the event of the exportation of breeding cattle, breeding pigs, breeding ewes, and breeding goats meeting certain minimum standards in order to avoid the decline of the breeding quality.

(b) Incidence and amount of subsidy

There is a maximum limit for the amount of reimbursements, varying according to the species of animals.

