

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

Notifications Pursuant to Article XVI:1

Addendum

Federal Republic of Germany

The data contained in GATT document L/2742/Add.7 of 18 July 1967, on pages 1-4, shall be replaced by the following statements:

A. Forage plant seeds

I. Nature and extent of subsidy

(a) Background and authority

To be able to supply the German consumers with certified seeds of tested species, at reasonable prices, the sufficient growing of suitable species is indispensable. This can only be achieved by guaranteeing the producer a gross yield per hectare which will correspond to an average grain harvest also in the event of a poor harvest caused by unfavourable weather conditions. In the case of aided forage growing the fodder value is often very disproportionate to the seeds yield, since seeds of species of a high fodder value are only produced in small quantities per average. As a compensation, a 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 species are made available.

The legal basis is the Budget Law.

(b) Incidence

The promotion bonus is only granted to seed-growing farmers and only in cases where it has been established after the harvest that the particular seed needs, and is eligible for, promotion. A fixed amount per unit is established for each variety. The amount of the annually fixed promotion bonus and/or its cancellation depends on the harvest and the world market price.

As a matter of principle, no promotion bonuses are paid for seeds to be exported. This is a guarantee that the promotion bonus benefits the farmer by keeping the selling price for "promotion-aided" seeds within reasonable limits.

(c) Amount of subsidy

In the fiscal year 1967, DM 2,500,000 were appropriated in the budget for such aids of which an amount of DM 2,071,114 was actually disbursed. In the fiscal year 1968, to this end, provision was made for DM 2,200,000.

(d) Estimated amount per unit

For the 1967 crop the promotion bonus ranged between DM 5 and DM 200 per 100 kgs., depending on the variety of crop, which means an average amount of DM 25.97 per 100 kgs. for the 1968 crop, the promotion bonus will vary between DM 8 and DM 200 per 100 kgs., the average amount of which can as yet not be calculated.

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

Despite several extremely unfavourable harvest years, production of certified stock seeds rose in the case of some important varieties and could be maintained in the case of others. This success in respect of cultivation made it possible to dispense with the admission of commercial seeds in the case of some varieties. In the event of a decline in the production of certified seeds, the admission of commercial seeds would have to be permitted at an accordingly larger volume in order to meet demand.

(b) Statistics relating to production, consumption, imports and exports

(i) for the last three years:

Promoted Seed Varieties

	1965/66 tons	1966/67 tons	1967/68 tons
Production ¹	10,184	10,297	8,591
Consumption	43,218	27,153	33,929
Imports	30,715	17,696	22,158
Exports	1,112	996	1,106

¹Promotion bonuses according to I(b) above are granted for production only.

(ii) for the year preceding the introduction of promotion bonuses:

This promotion measure was already applied during the thirties and after discontinuance reintroduced for the 1948 crop.

B. Export bonus for breeding stock

I. Nature and extent of bonus

(a) Background and authority

The German breeding animals have reached an internationally acknowledged quality level. This can be safeguarded solely if many breeders are engaging intensively in achieving a good quality. The present foreign demand prepares the ground for this by creating the possibility of easing the position on the market. Moreover, the competition on the foreign markets is considered to be an incentive to continuously improving the quality of breeding stock as "current assets" in the interest of domestic buyers. However, the competitiveness vis-a-vis foreign supplies is limited due to the domestic level of prices for quality breeding stock. This is why an encouragement of the German exports of breeding stock is necessary.

The legal basis is the announcement on export bonuses for breeding stock dated 8 May 1964 (Bundesanzeiger No. 86 of 12 May 1964), in the present version of 31 May 1968 (Bundesanzeiger No. 105, dated 7 June 1968).

(b) Incidence

Upon application, such bonuses are granted to exporters of breeding stock solely if in the case of the exported breeding animals proof is given of the identity, origin and age of this stock and if certain minimum requirements in respect of efficiency and health are fulfilled and certificates of origin required for exports are produced for each individual breeding animal.

(c) Amount of bonus

in the fiscal year 1966:	DM 1,197,804
in the fiscal year 1967:	DM 2,784,382
in the fiscal year 1968:	DM 2,525,178

(d) Amount of bonus per head

Animal species	Rates of bonus per			
	European countries		Extra-European countries	
	Percentage of purchasing price	Maximum bonus in DM	Percentage of purchasing price	Maximum bonus in DM
Cattle	20	360	33 1/3	600
Swine	20	150	33 1/3	250
Sheep	20	80	33 1/3	150
Goats, total				
Male	20	80	33 1/3	150
Female	20	50	33 1/3	75

II. Effect of bonus

- (a) Estimated quantitative trade effect of the bonus and the reason why it is considered that the bonus will have this effect

A quantitative effect on trade has not been observed because exports are still below those of the year 1963, which preceded the introduction of the bonus system.

- (b) Statistics relating to production, consumption, imports and exports for the last two years and the year 1963 which preceded the introduction of the bonus system

Heads

	1963	1966	1967
<u>Imports</u>			
Cattle	2,070	838	1,079
Swine	381	169	123
Sheep	1,847	2,556	325
<u>Exports</u>			
Cattle	13,199	3,262	7,697
Swine	29	151	267
Sheep	827	906	1,145

Sales of Breeding Stock (Sales by Breeding Associations)

	1963	1966	1967
Cattle	83,045	89,926	95,893
Swine	53,656	61,610	68,493
Sheep	5,460	8,137	6,178