

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

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SUBSIDIES

NOTIFICATIONS PURSUANT TO ARTICLE XVI:1

Addendum

SPAIN

Grains

(a) Background

Grain subsidies are granted with five purposes in view:

1. The conversion and transformation of wheat-growing land into cultivated grassland and temporary or permanent pasture. The aim therefore is to help to reduce the acreage under wheat and to increase the acreage producing fodder.
2. Assistance is given with a view to encouraging the growing of maize and grain sorghum, for the same reasons as those given above. There is also a special Plan for Galicia and the Cantabrian region, the purpose of which is to improve maize and grain sorghum cultivation so as to increase the yield.
3. Improvements in grain storage capacity through assistance in the building of silos and warehouses. Investments of this kind are subsidized owing to the inadequacy of existing storage facilities.
4. The creation of groups of grain farmers with a view to encouraging group farming and farm management. The idea is to rationalize farming in small-farm areas.
5. Quality premiums are paid for the production of hard wheat of categories I, II and III (Ambar Durum).

(b) Legal authority

- Decrees Nos. 1,628/1970 and 2,044/1971 relating to grain harvests.
- Decree No. 2,617/1970 on the Special Plan for Galicia and the Cantabrian region.
- Decree No. 283/1970 on the storage of grains.

(c) Amount of subsidy in 1971

	Millions of pesetas
Cereal seeds	233.0
Seeds and fertilizers for maize and grain sorghum	726.3
Seeds and fertilizers for land conversion and pasture	208.5
Combating wheat diseases	65.2
Storage of maize and grain sorghum	103.5
Grain warehouses and silos	62.3
Grants to groups of grain farmers for group farming	46.6
Subsidies for delayed delivery and crop storage	898.8

The unit values of those subsidies that can be quantified in this way is as follows:

Encouragement of Maize and Grain Sorghum Growing

Items	Subsidies in per cent	
	Galicia and Cantabrian region	Remainder of Spain
Towards cost of seeds	75	50
Towards cost of fertilizers	50	20
Towards cost of pesticides	40	20
Towards the building of silos	40	-

Quality Premiums for Hard Wheat

Variety of hard wheat	Premium in pesetas per metric quintal
Special quality Ambar Durum	70
First quality Ambar Durum	30
Standard quality Ambar Durum	20

Premiums for Storage and Delayed Delivery

Month	Premiums in pesetas per metric quintal		
	Wheat	Barley	Maize
October	7.0	-	-
November	14.0	4.5	-
December	21.0	9.5	6.5
January	28.0	13.5	13.0
February	35.0	18.0	19.5

Month	Premiums in pesetas per metric quintal		
	Wheat	Barley	Maize
March	42.0	22.0	26.0
April	49.0	27.0	32.5
May	56.0	27.0	39.0
June	-	-	39.0
July	-	-	39.0

(d) Trade effects

Since the aim is to improve productivity, owing to very high production costs in relation to the international market, and since the amount of these subsidies is small, trade effects are negligible.

(e) Statistics

Production

(1000 metric tons)

	1967/68	1968/69	1969/70	1970/71
Wheat	5,312	4,624	4,060	5,455
Barley	3,441	3,969	3,092	4,783
Maize	1,473	1,507	1,868	2,058

Foreign Trade

(1000 metric tons)

	Wheat		Barley		Maize	
	Imports	Exports	Imports	Exports	Imports	Exports
1969	-	892	-	16	2,212	-
1970	1	403	2	20	1,855	7
1971	191	26	215	-	1,920	-

Sugar

(a) Background

A subsidy is granted to ensure that the siting of the sugar factory does not involve additional costs for farmers growing beet in places distant from the factories. This varies with the distance of carriage.

(b) Legal authority

These subsidies are regulated by the decrees on harvests. The one now in force is Decree No. 633/1972.

(c) Amount of subsidy

Distance between place of production and factory (km)	Compensation in pesetas per metric ton of beet
0 - 30	90
30 - 60	115
60 - 100	140
100 - 150	165
over 150	190

Usually it amounts to pesetas 125 per metric ton of beet delivered to factory. In the case of sugar-cane there is a compensatory payment for transport costs of pesetas 87.50 per metric ton delivered to factory.

For both beet and cane the subsidy applies only to deliveries under quota.

(d) Trade effects

The purpose of these subsidies is not to influence the price of sugar, but to equalize transport costs as between the various farms. Consequently they have no trade effects.

(e) Statistics of production and tradeProduction of Sugar

('000 metric tons)

	Beet	Cane	Total
1967-68	539.8	38.5	578.3
1968-69	637.1	44.4	681.5
1969-70	693.8	38.5	732.3
1970-71	693.1	40.7	733.8

Imports of Sugar

('000 metric tons)

1969	196.1
1970	75.0
1971	26.5

Cotton(a) Background

Certain quality premiums are paid in order to encourage the growing of cotton fibres of the grades required by the textile industry. Payment is made by the Fund for the Control and Regulation of Agricultural Prices and Products (FORPPA).

(b) Legal authority

These subsidies are set out in decree No. 1179/1971 on the harvest.

(c) Amount of subsidy

The quality premium amounts to 12 pesetas per kg of cotton fibre of all the grades listed in the definition of "special first grade" and "first grade" raw cotton. It is paid direct to the farmer.

(d) Trade effects

The obvious intention is to produce within the country the grades required by the cotton industry, thus avoiding imports. But as cotton-growing is declining, the effects are unimportant.

(e) Statistics

Production of Raw Cotton
('000 metric tons)

1967	198.3
1968	229.1
1969	180.4
1970	178.1
1971	148.2

Foreign Trade in Cotton Fibres
('000 metric tons)

	Imports	Exports
1967	21.1	10.7
1968	52.5	2.3
1969	56.0	-
1970	43.0	-
1971	73.0	-

Oilseeds

(a) Background

The continually increasing cost of olive production make it necessary to encourage the growing of oil-bearing seeds (safflower, sunflower and soya) in order to produce a reasonably-priced oil within the country. The assistance provided covers seeds, fertilizers and pest control.

(b) Legal authority

Reference to these subsidies is made in the Ministry of Agriculture's Order of 12 April 1971.

(c) Amount of subsidy

The subsidies cover 50 per cent of the seed required for sowing and 20 per cent of the fertilizers. Assistance is also given in connexion with pest control, but this is not quantified. In 1971, the total amount granted was pesetas 96.6 million (19.7 million for pest control).

(d) Trade effects

In view of the small amount of soya, colza and safflower produced, the effect of these subsidies is small.

(e) Statistics

Production ('000 metric tons)

	Safflower	Sunflower
1970	8.5	153.2
1971	12.6	256.3

Imports ('000 metric tons)

Seed	1970	1971
Groundnuts	26.4	27.1
Soya	1,228.3	1,311.0
Sunflower	0.4	0.1

Exports ('000 metric tons)

Oil	1970	1971
Crude soya	83.6	105.1
Refined soya	1.8	2.7
Refined sunflower	1.1	4.1

Wine(a) Background

The purpose of the bonus paid for storing wine is to ensure that supplies are spread over the wine year. The sole aim, therefore, is to prevent the arrival on the market of large quantities of wine, which might cause a fall in prices. Arrangements for storing wine are made by contract between the Commission for the Purchase of Surplus Wine (CCEV) and the wine makers.

(b) Legal authority

This is given in Decree No. 2,409/1971.

(c) Amount of subsidy

The bonus for withholding wine is based on hl./degree and year and amounts to 15 per cent of the guaranteed price fixed for the type of wine stored.

The quantity of wine to be stored is fixed by the FORPPA on the basis of the market situation.

A bonus is also available for delayed delivery; the amount of this varies with the length of time the wine is stored and ranges from 1 per cent of the guaranteed price if the wine is marketed in February to 10 per cent if the period of storage ends in August.

The amount of subsidy paid depends on market trends. In 1970 it was 10.5 million pesetas and in 1971 41.0 million pesetas.

(d) Effect on foreign trade

None, since the sole purpose is to regulate the domestic market.

(e) StatisticsWine Production

('000 hl.)

1968	23,133
1969	24,808
1970	24,317
1971	23,325

Foreign Trade

('000 hl.)

	Imports	Exports
1969	0.3	257.0
1970	0.3	323.0
1971	0.1	325.8

Bovine meat(a) Background

Bonuses are granted on yearling calves, in order to increase the yield in kg. per carcass of young bovine animals. As a result of this bonus, the yield per head has increased from 190 to 245 kgs.

The effect of this bonus is also apparent in the number of calves that qualify for it. In the first year of the bonus, this amounted to 29,082 metric tons of meat; at present the figure is 128,734 metric tons, which suggests that the Spanish economy has benefited considerably.

(b) Legal authority

This bonus is regulated by Decree No. 1,475/1971.

(c) Amount of subsidy

The premium is paid directly to the stock farmer at the rate of 3 pesetas per kg. of carcass for male calves with a carcass weight of between 180 and 210 kgs., and of 6 pesetas per kg. of carcass for animals with a carcass weight of over 210 kgs.

Bonuses on Yearling Calves

	Quantity covered by premium ('000 metric tons)	Total amount (Ptas. million)
1968	58	282.2
1969	87	474.5
1970	116	643.3
1971	129	711.1

(d) Trade effects

As the intention is to increase livestock productivity, there clearly is an effect, since an attempt is being made to bring about a reduction in the large imports of bovine meat.

(e) Statistics

	Production of bovine meat ('000 metric tons)
1967	215.2
1968	241.4
1969	255.7
1970	308.1
1971	323.6

	Imports ('000 metric tons)
1969	104.2
1970	89.9
1971	23.9

Other subsidies

The subsidies mentioned below are of minor importance, and for this reason a more detailed examination of the products to which they relate has not been made. These aids are as follows:

(a) Subsidies paid to silk producers, because of the social importance of this industry; these amounted in 1971 to 16.5 million pesetas.

(b) Subsidies to help to meet the cost of wool storage; these were granted in 1971 because of the existing stagnation in the wool market, and amount to 2 pesetas per kg. to a total amount of 10 million pesetas.

(c) A subsidy to milk production in the Canary Islands; this was granted in 1971, at the rate of 1.60 pesetas per litre up to a maximum of 40 million pesetas, for purely temporary reasons.