

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

Notifications Pursuant to Article XVI:1

FEDERAL REPUBLIC OF GERMANY

The following notification has been received from the Government of the Federal Republic of Germany.

I. Subsidies to shipbuilding

The subsidies granted by the Federal Government to shipbuilding (interest subsidies for export and some domestic orders) do not exceed the maximum conditions set by the OECD (Resolution of the OECD Council of 18 July 1974), that is to say duration of credit seven years from delivery, down-payment 30 per cent, interest rate 8 per cent.

II. Subsidies to the national merchant fleet

The Government also grants shipping subsidies for new construction to commercial shipowners in accordance with shipping policy. These grants can amount up to 12.5 per cent of the contract price and are not tied to the awarding of contracts to shipyards of a specific country. The grant is subject to repayment in whole, if the ship is sold within six years (recently four), and in part thereafter until the end of the tenth year (recently eighth). In special cases an additional subsidy amounting to 5 per cent of the contract price can be granted which has not to be paid back when the ship will be sold. In the Federal budget for 1978 subsidies amounting to DM 200 million are provided for the above-mentioned purpose. Apart from these annual budgetary endowments, limited ERP funds have been available since 1963 for the granting of credits to German commercial owners (1974: DM 45 million). These credits cannot be combined with grants to owners

for building new ships. The credits, which likewise are extended in accordance with shipping industry policy, are at present made available to cover up to 70 per cent of the building costs in the shipyards at an interest rate of 5.5 per cent for a period of twelve years including two years of grace and with a rate of disbursement of 100 per cent. Transactions for which such credits are granted represent only about 10 per cent of total orders of German shipowners. This assistance may also be given for ships which are being built abroad.

I. Subsidies to the film industry

The Film Promotion Law ("Filmförderungsgesetz") does not, in the German view, fall within the compulsory requirement to notify subsidies, because this is not a case of promotion out of budgetary resources. The promotion fund of the Film Promotion Institute derives its resources from equalization charges paid by cinema proprietors and financed jointly by such proprietors, film distributors and film-makers; this represents a kind of mutual aid to the cinematographic industry for which legal provision has been made. This is not, therefore, a case of budgetary subsidies granted by the State or by the Länder.

II. Nature of subsidy

The film promotion system is based on the Film Promotion Law which entered into force on 1 January 1968 and was amended in 1971 and 1974. Under the Law a Film Promotion Institute was established which is in charge of promoting the production of German films, assisting cinemas and encouraging screen advertising.

The institute is financed out of a so-called "film levy" of 15 pfennige (since 1 July 1974). In 1976 about DM 16.4 million accrued from this levy.

A basic amount of (in recent years) an average DM 250,000 and in the case of high-quality films of a variable additional amount (DM 250,000 maximum) is granted to producers of feature films if they can prove to have made a film which has brought gross distribution returns amounting to DM 500,000 within the two years following the first screening. These funds have to be invested in new films. In addition, there is now the possibility of granting loans at low interest rates for film projects.

III. Effect

	Production of German feature films ¹	Releases and first screenings of films, total	Share of German films in distribution turnover in per cent	Import/export
1974	78	359	26.5	No separate figures available for feature films
1975	55	323	12.9	
1976	61	319	13.4	

¹Since 1976 only the releases of films are still covered in the statistics on production. According to this method the following production figures which deviate from the hitherto returns were recorded between 1971 and 1974: 112 (1971), 108 (1972), 82 (1973) and 77 (1974).

