

**GENERAL AGREEMENT ON  
TARIFFS AND TRADE**

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RESTRICTED

L/5102/Add.20

19 April 1983

Limited Distribution

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Original: Spanish

SUBSIDIES

Notifications Pursuant to Article XVI:1

SPAIN

The following notification has been received from the Permanent Mission of Spain.

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In accordance with the Decision adopted by the CONTRACTING PARTIES at their twentieth session (BISD, 11S, pages 58-59), the subsidies maintained by Spain which are required to be notified under Article XVI:1 of the General Agreement are reported hereunder.

Spain, which has been a contracting party to GATT since 1963, signed its acceptance of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade (Code on Subsidies and Countervailing Measures) on 14 April 1982. Article 7 of that Code reiterates the notification obligation stipulated in Article XVI:1 of the General Agreement.

Spain's acceptance and signature on the Code on Subsidies and Countervailing Measures was accompanied by a declaration of reservation (L/4914/Rev.5/Add.7) which was accepted by the Committee of signatories of the Code by Decision of 29 April 1982 (SCM/25).

The Spanish reservation refers to the system of indirect taxation which is currently based on a turnover tax and is shortly to be replaced by a system of value-added taxes, and reserves Spain's position in respect of the obligation to "take all necessary steps, of a general or particular character, to ensure ... the conformity of its laws, regulations and administrative procedures with the provisions of this Agreement", as required by Article 19:5(a).

In entering this reservation in regard to full and comprehensive acceptance of the provisions of the Agreement, the Spanish Government undertook not to introduce any new export incentive schemes the use of which is proscribed by the Code, nor to expand or increase existing schemes which may be inconsistent with the Code. This obligation has been fully and loyally observed during the year since the Code was signed.

The Spanish notification, which is designed to furnish full information on the present situation, has been prepared, where possible, in accordance with the guidelines set forth in the annex to document L/5102. The notification covers subsidies on both agricultural products and industrial products and a special section is devoted to the Spanish export credit system, in response to the request made by the United States of America in document SCM/31.

In preparing this notification, the Spanish authorities have not limited themselves to strict compliance with their obligations in this respect, but have furnished fuller information.

### AGRICULTURAL SUBSIDIES

With respect to agricultural markets, Spain's agricultural policy is essentially designed to maintain prices and markets at reasonable and pre-established levels in order thereby:

- (a) to stabilize and, where necessary, improve the income level of farmers and stock-breeders consistently with the interests of consumers, and to eliminate or ease fluctuations, whether temporary or from one year to another, in agricultural output and prices;
- (b) to direct production with a view to ensuring efficient domestic supply.

In addition, in the context of the process of improving and modernizing Spanish agriculture from the structural aspect, it should be underlined that State action, in particular by limiting financial resources, has an incentive and guiding effect while the farmers and stock-breeders, who must react as rapidly as possible to the growing requirements of efficiency and productivity imposed by market forces, play a key rôle in socio-economic changes.

#### I. PRICE AND MARKET POLICY

A. EXTENT OF ORGANIZATION. For the purposes of market organization, agricultural products can be classified under two main headings:

1. Regulated products, namely those for which market regulation standards exist or are fixed, for a period of one or more years.
2. Non-regulated products, namely those for which there is no annual regulation. For these products, according to circumstances and in each case when determined by the government, temporary intervention measures can be applied in the market; such measures are not established in advance.

In the 1978/79, 1979/80 and 1980/81 seasons, the following sub-sectors or products were under seasonal regulation: wheat, barley, oats, rye, maize, grain sorghum, leguminous fodder vegetables, rice, sunflower, sugar beet, sugar cane, cotton, wine, olive oil, beef, pig meat, poultry meat, eggs, cow's milk and milk products, tobacco and hops. These products together make up approximately 65 per cent of total agricultural output.

With respect to the domestic market the product coverage is stipulated in each regulating decree, published in the Official Gazette.

B. CONTENT OF THE REGULATION SYSTEM (Under seasonal regulating decrees)

For each sub-sector or product concerned, the system includes: a system of prices (from the production stage to the wholesale stage), a system of market intervention which holds market trends within limits fixed in advance for each season, taking into account the guaranteed returns to farmers and stock-breeders on the one hand, and consumer purchasing power on the other. Similarly, the seasonal regulating decrees establish financial limits and conditions to control the market, together with decision-making procedures and implementing conditions for the measures concerned.

1. Prices

1.1 Method of fixing

For purposes of seasonal regulation, and following discussions and consultations with the representative professional and trade-union organizations in the agricultural sector, the government fixes the prices of products under regulation in an overall and simultaneous operation.

The following elements are taken into account during discussion and formulation of the basic proposal:

1. The general social and economic situation of the Spanish economy.
2. Government criteria and guidelines in regard to income and price policy.
3. Studies on price trends for inputs, income levels in the agricultural and other sectors, and other aspects relevant to determining an overall growth rate that will not erode the income level of farmers in relation to that of workers in other sectors.
4. The domestic and external market situation for the various products and sub-sectors.
5. Other relevant matters.

1.2 Price structure

The regulations establish three basic price levels:

1. A minimum guarantee level below which the legitimate interests of farmers and stock-breeders are considered to be seriously impaired.

2. A target or guide price level which should theoretically be interpreted as being the level desirable throughout the season at which supply and demand are in balance, without any temporary or chronic surpluses developing.

3. A consumer protection price level which gives a warning signal for measures (of various kinds as specified in each particular regulation) to prevent inflation or shortage of supply.

For certain products having a special impact on consumer purchasing power, and independently of the market organization system which basically goes as far as the wholesale stage, maximum limits are established for price margins between the wholesale and retail stages (as a percentage on a specific amount), together with maximum price limits which traders may not exceed without specific authorization.

For some products, a single market regulation price is established (e.g. wheat, tobacco and hops, though with variations to take account of quality and other conditions).

### 1.3 Market surveillance

Market samplings are taken, in many cases daily, but most usually on a weekly basis, through official surveillance of price and market information in relation to pilot prices which serve as a basis for application of intervention measures and correspond to a representative national average price for purposes of market surveillance.

#### Product classification according to types of regulated prices

The types of prices are as follows:

- |  |  |
|--|--|
| (a) <u>Single fixed price:</u>   | Wheat, tobacco and hops.   |
| (b) <u>Minimum guarantee price solely to the producer:</u>   | Olive oil, cotton, feed grains, leguminous fodder vegetables, sunflower, safflower, rape, sugar beet and sugar cane. |
| (c) <u>Lower intervention prices (sometimes guaranteed), target prices and consumer protection prices:</u> | Rice, wine, beef, pigmeat and poultry meat, eggs, cow's milk.  |

## 2. Intervention measures and other market actions

Intervention measures vary according to the type of product or sub-sector concerned, and in general the seasonal regulating decrees provide for the possible application of all measures customary under price and market stabilization policy. They can be classified under two main headings:

(a) Measures to guide or influence supply. These affect market regulation directly or indirectly, and apply to the storage or distribution process at the wholesale stage; in addition, they are designed to encourage or channel supply. They are basically measures supplementary to market regulation; they include the following inter alia:

1. Quota restriction establishing certain limits on:

1.1 Volume of regulated supply.

1.2 Maximum volume of purchases by State agencies.

1.3 Maximum financial cost of market regulation in the sector.

2. Bonuses or subsidies established in various forms on:

2.1 Internal transport.

2.2 Bonuses to small producers.

(b) Intervention measures as such. These are basically designed to ensure that the supply/demand pattern throughout the annual regulation period is maintained within a bracket between the minimum price (guaranteed to the producer) and the maximum price (which marks the level of strong inflationary pressure). The principal measures are:

1. In situations of stagnation or pronounced decline in prices. Normally, and depending on the period and urgency:

1.1 Immobilization: encouragement of stock-building within the sector concerned in order to withdraw supplies from the market.

1.2 Shifts in domestic consumption (toward other consumption sectors).

- 1.3 Purchases by State intervention agencies.
- 1.4 As an exceptional measure, the grant of temporary refunds on exports.
2. In situations of pronounced price increase
  - 2.1 Release to the domestic market of stocks partly financed with State assistance, where necessary.
  - 2.2 Release of stocks held by State agencies.
  - 2.3 Encouragement of imports, in particular through temporary reductions in customs duties.
  - 2.4 Direct State intervention in the import and distribution of products under State-trading, in order to protect consumer purchasing power and combat inflation.
3. Financial régime for market regulation

The market regulation scheme described here is covered by the budgetary estimates and expenditure administered through the Regulation Fund for agricultural production and prices (FORPPA) established under Law 26/1968 of 20 June 1968.

## II. STRUCTURAL POLICY

With respect to agriculture's existing structure, the State's rôle in the process of agricultural modernization has been limited to that of a factor of encouragement and guidance. Reconversion and restructuring of producing sectors as well as of commercial and industrial structures has been hampered by the shortage of public financial resources.

The bodies directly responsible for improvement of agricultural structures are the National Institute for Agricultural Reform and Development (IRYDA) and the National Institute for the Conservation of Nature (ICONA).

They both start from the basic premise that agricultural land must respond to the needs of the national community.

IRYDA establishes guidelines in the form of regional plans to be implemented in depressed areas, in areas where large estates predominate, and in areas where the infrastructure is seriously inadequate.

It should be underlined that the whole package of measures is designed to overcome natural and socio-structural obstacles resulting from the country's physical characteristics and history. In the context of a socio-structural policy, IRYDA gives assistance in the following areas:

- (1) Access to ownership and farming: for family-type farms and tenant farmers exercising their right of access to ownership.
- (2) Improvement of agricultural infrastructure:
  - (a) Building of roads for agricultural use.
  - (b) Rural electrification and replacement of engines by electric motors.
  - (c) Installations which reduce the cost of electric power for agricultural use.
  - (d) Utilization of alternative energies and organic residues, and installation of refrigeration tanks for milk.
- (3) Modernization of farms: investments in farm programmes for a certain number of years (ongoing improvements, acquisition of machinery, livestock, etc.).
- (4) Development of irrigation through private initiative:
  - (a) Creation of new irrigation schemes and improvement of existing ones.
  - (b) Construction of reservoirs for livestock development.
- (5) Development of agri-food industries.

On the other hand, ICONA is reorganizing forest reserves and is concerned with conservation of nature. The measures undertaken by the State, through ICONA, follow the guidelines already mentioned.

### III. OTHER MEASURES

1. Subsidies to offset the negative effects of the energy crisis on certain production factors used in the agricultural sector.
2. Subsidies to remedy damage caused by meteorological disasters.
3. Subsidies to compulsory plant and animal health campaigns.
4. Subsidies to reduce insurance premiums for certain agricultural products.



## ANNEX I (Table 1)

Regulation Prices

Product	Type of Price	Unit	Ptas/Unit		
			Season 1978/79	Season 1979/80	Season 1980/81
Soft wheat	Guarantee T.III	kg.	14,00	15,15	16,65
Barley	B. guarantee T.II	"	10,00	11,00	12,30
Oats	B. guarantee T.II	"	9,60	10,60	11,70
Rye	Basic guarantee	"	11,00	11,75	12,90
Maize	Basic guarantee	"	13,55	15,00	16,65
Grain sorghum	Basic guarantee	"	12,50	13,25	14,45
Fodder vegetables	Basic guarantee	"	18,00	20,00	21,20
Paddy rice	Guarantee T.II	"	15,00	17,25	18,65
Sunflower seeds	Contract guarantee	"	24,50	27,50	30,00
Sugar beet	Basic type 16	mt.	3.200	3.400	3.800
Sugar cane	Basic type 12,1	"	2.240	2.380	2.660
Cotton	Minimum cat.1	kg.	52,00	58,00	64,00
Wine	Guarantee	Hdeg.	95,00	120,00	121,00
	Target	"	110,00	140,00	140,00
	Higher interv.	"	150,00	160,00	160,00
Olive oil	Acquisition 0.5-1		96,00	105,00	126,00
Beef	Guarantee	kg./	185,00	220,00	229,00
	Lower interv.	carcass	196,00	235,00	249,00
	Target	wt.	202,00	270,00	286,00
	Higher interv.		210,00	290,00	307,00
Pig meat	Guarantee	kg./	100,00	114,00	119,00
	Lower interv.	carcass	105,00	121,00	126,00
	Target	wt.	112,00	128,00	134,00
	Higher interv.		118,00	134,00	142,00

ANNEX I (Table 1) (cont'd)

Regulation Prices

Product	Type of Price	Unit	Ptas/Unit		
			Season 1978/79	Season 1979/80	Season 1980/81
Poultry meat	Basic interv.	kg./	77,00	89,00	95,00
	Intervention	carcass	82,00	95,00	103,00
	Target	wt.	87,00	101,00	110,00
	Consumer protection		92,00	110,00	120,00
Eggs	Basic interv.	Dozen	44,00	50,00	53,00
	Intervention		49,00	55,00	58,00
	Target		54,00	61,00	65,00
	Consumer protection		58,00	66,00	73,00
Milk	Minimum	Litre	18,00	19,00	21,25
	Target		18,40	19,40	21,55
	Higher interv.		18,50	19,50	21,75
Hops	Purchase price (average)	kg.	285,62	318,33	361,21
Tobacco	Purchase price (average)	kg.	166,68	168,74	190,05

## ANNEX I (Table 2)

Seasonal Regulation Decrees

Product	Season		
	1978/79	1979/80	1980/81
wheat, barley, oats, maize, grain, soghum and fodder vegetables	R. D. 1170/78 of 2-VI	R. D. 1376/79 of 1-VI	R. D. 1051/80 of 6-VI
Rice	R. D. 2003/78 of 25-8	R. D. 2057/79 of 3-8	R. D. 1649/80 of 31-VII
Sugar beet and sugar cane	R. D. 973/78 of 19-4	R. D. 1603/79 of 29-7	R. D. 519/80 of 29-2
Wine	R. D. 2007/78 of 25-8	R. D. 2024/79 of 3-8	R. D. 1651/80 of 31-VI
Olive oil	R. D. 2993/78 of 1-12	R. D. 2705/79 of 16-11	R. D. 2354/80 of 4-XI
Cotton	R. D. 1785/78 of 23-6	R. D. 927/79 of 13-2 R. D. 926/79 of 13-2	R. D. 496/80 of 14-III
Sunflower seed	R. D. 1387/78 of 19-5	R. D. 1956/79 of 3-8	R. D. 1513/80 of 18-7
Beef and pig meat	R. D. 1875/78 of 23-6	R. D. 559/79 of 9-3	R. D. 1937/80 of 31-7
Poultry meat	R. D. 1380/78 of 14-4	R. D. 1957/79 of 3-8	R. D. 2343/80 of 17-10
Eggs	R. D. 1380/78 of 14-4	R. D. 1963/79 of 3-8	R. D. 2432/80 of 7-11
Milk	R. D. 2073/78 of 25-8	R. D. 2880/79 of 29-12	R. D. 1951/80 of 26-9
Hops	R. D. 2004/78 of 25-8	R. D. 2172/79 of 13-7	
Tobacco	M.O. of 24-4-1978	M.O. of 22-6-1979	M.O. of 8-9-1980

ANNEX II  
Production  
( '000 metric tons)

Product	1979	1980	1981
Cereals	13.884,7	18.665,4	11.576,0
Vegetables	416,9	429,7	247,5
Tubers for human consumption	5.690,6	5.791,3	5.529,2
Industrial crops	6.177,0	7.960,6	8.861,0
Horticultural products	8.495,4	8.558,9	8.619,5
Fruit	6.310,4	6.107,3	6.219,9
Grapes (for processing and table)	7.638,3	6.721,4	5.402,5
Olives (for processing and table)	2.300,1	2.255,0	1.511,6
Meat (carcass weight)	2.332,8	1.445,3	2.601,0
Milk (million litres)	6.158	6.352	6.394
Eggs (million dozen)	916,6	974,7	977,5
Wood ('000 cubic metres)	13.292	11.892	12.944

## ANNEX III (Table 3)

## Exports of Agricultural Products: Breakdown by Tariff Headings

(million current pesetas)

Tariff heading	1970	1975	1977	1978	1979	1980	1981
01 Live animals	402,6	246,4	569,6	920,9	817,7	1 159,9	1 365,1
02 Meat and edible meat offals	337,8	572,6	1 231,4	1 626,4	2 063,6	2 738,1	4 128,6
04 Dairy produce; birds' eggs; natural honey	195,1	621,6	2 485,3	2 272,8	2 265,8	3 512,6	4 717,5
05 Products of animal origin, not elsewhere specified or included	310,0	380,5	591,8	778,9	572,3	613,0	713,1
06 Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	274,0	662,4	1 551,0	2 374,1	2 444,6	2 669,4	2 739,5
07 Edible vegetables and certain roots and tubers	5 054,8	10 863,5	17 569,5	21 217,1	30 317,1	33 566,8	43 933,7
08 Edible fruit and nuts; peel of melons or citrus fruit	17 998,7	32 401,1	40 963,8	55 086,5	75 470,8	80 656,4	89 012,4
09 Coffee, tea, mate and spices	613,2	1 399,4	3 098,7	4 619,5	4 978,9	3 691,9	4 416,6
10 Cereals	1 260,8	1 431,5	2 030,6	1 855,3	1 604,2	2 511,8	21 579,5
11 Products of the milling industry; salt and starches; gluten; inulin	939,9	385,4	999,5	2 063,1	2 016,8	2 359,5	12 279,3
12 Oil seeds and oleaginous fruit; miscellaneous grains, seeds and fruit; industrial and medical plants; straw and fodder	347,6	973,0	1 986,2	2 090,8	2 487,8	2 983,1	3 229,4
13 Lacs; gums, resins and other vegetable saps and extracts	581,4	1 011,4	1 348,4	1 426,2	1 886,8	2 645,8	2 953,8
14 Vegetable plaiting materials; vegetable products not elsewhere specified or included	44,2	125,0	218,2	197,8	287,4	264,1	266,0
15 Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes	10 036,3	7 235,6	17 575,0	22 279,3	27 275,4	33 992,1	30 869,6
17 Sugars and sugar confectionery	358,4	834,6	1 764,6	1 979,6	1 601,0	1 940,0	3 236,7
18 Cocoa and cocoa preparations	59,8	1 327,8	3 193,4	1 783,9	2 923,0	3 290,6	3 679,1
19 Preparations of cereals, flour or starch; pastrycooks' products	33,1	247,5	304,8	322,5	440,3	852,8	1 062,9
20 Preparations of vegetables, fruit or other parts of plants	8 268,3	14 173,0	26 091,7	28 668,7	27 581,4	28 251,3	34 677,7
21 Miscellaneous edible preparations	321,8	754,8	2 335,1	2 954,4	3 105,3	5 492,7	5 380,0
22 Beverages, spirits and vinegar	5 397,2	13 396,6	20 941,0	23 137,2	31 436,1	33 173,5	36 656,2
23 Residues and waste from the food industries; prepared animal fodder	441,0	733,3	2 559,2	2 549,4	1 717,3	2 284,4	8 096,6
24 Tobacco	225,1	316,2	848,0	936,5	1 051,4	1 914,3	1 402,8
41 Raw hides and skins (other than furskins) and leather	649,3	3 069,7	4 763,4	5 736,1	6 447,2	8 253,2	11 073,6
44 Wood and articles of wood; wood charcoal	1 927,9	3 923,8	7 278,2	9 043,4	11 392,1	16 349,6	19 464,1
45 Cork and articles of cork	1 258,5	2 176,9	3 495,6	3 762,7	4 354,6	5 730,0	5 586,4
46 Manufactures of straw, of esparto and of other plaiting materials; basketware and wickerwork	237,9	507,0	901,2	1 066,6	1 061,3	1 047,0	934,8
50 Silk and waste silk	1,9	17,3	66,3	61,9	31,9	45,0	43,3
51 Wool and other animal hair	682,4	2 113,3	5 816,0	8 354,5	6 257,5	7 115,3	7 515,4
52 Flax and ramie	63,4	146,2	74,6	209,4	201,8	441,9	366,8
53 Cotton	1 809,1	2 449,7	4 351,0	5 251,4	5 705,6	7 861,6	9 334,8
54 Other vegetable textile materials; paper yarn and woven fabrics of paper yarn	44,7	123,6	42,0	117,5	104,8	108,7	61,6
TOTAL .....	60 176,2	104 653,0	177 045,8	214 766,4	261 943,9	297 716,4	370 802,1

ANNEX III (Table 2)

Imports of Agricultural Products: Breakdown by Tariff Headings  
(million current pesetas)

Tariff heading	1976	1975	1977	1978	1979	1980	1981
01 Live animals	447.2	823.2	810.6	1,018.5	2,576.7	1,352.6	1,874.6
02 Meat and edible meat offals	4,650.1	6,445.8	7,347.2	12,652.9	18,550.3	6,712.8	8,292.6
04 Dairy produce; birds' eggs; natural honey	2,075.3	5,958.4	5,919.0	6,219.1	9,748.3	9,696.0	10,768.3
05 Products of animal origin, not elsewhere specified or included	512.7	945.7	1,688.0	2,001.3	1,925.7	2,134.6	2,751.4
06 Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	127.1	450.2	556.4	774.1	950.3	1,476.4	1,812.6
07 Edible vegetables and certain roots and tubers	1,394.9	3,729.5	4,866.7	7,109.2	6,853.1	5,827.0	9,920.3
08 Edible fruit and nuts; peel of melons or citrus fruit	312.6	1,644.4	2,412.8	2,857.2	3,434.1	5,192.1	5,398.0
09 Coffee, tea, maté and spices	6,269.3	7,140.2	34,962.0	29,216.3	27,330.4	41,689.8	27,534.1
10 Cereal	9,874.7	38,793.8	41,611.7	46,154.5	45,873.1	66,252.8	87,929.5
11 Products of the milling industry; malt and starches; gluten; inulin	275.1	254.0	541.8	460.1	549.4	623.9	575.0
12 Oil seeds and oleaginous fruit; miscellaneous grains, seeds and fruit; industrial and medical plants; straw and fodder	11,550.4	27,299.7	43,004.3	47,075.3	48,313.6	70,239.2	87,292.5
13 Lacs; gums, resins and other vegetable saps and extracts	259.3	772.8	1,213.6	1,144.2	1,084.3	1,486.3	1,782.7
14 Vegetable plaiting materials; vegetable products not elsewhere specified or included	175.4	332.1	613.3	841.1	912.1	865.1	1,126.9
15 Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes	2,143.5	9,894.8	7,052.7	11,234.7	10,354.5	11,146.8	12,641.6
17 Sugars and sugar confectionery	1,513.9	22,964.8	6,297.8	2,907.6	3,250.9	1,010.2	1,420.5
18 Cocoa and cocoa preparations	1,574.6	4,184.0	10,060.0	10,654.3	10,082.2	8,605.7	8,737.6
19 Preparations of cereals, flour or starch; pastrycooks' products	69.9	135.4	188.8	263.7	579.8	911.3	708.3
20 Preparations of vegetables, fruit or other parts of plants	488.9	1,447.5	2,378.0	2,102.7	2,221.0	2,416.0	2,780.7
21 Miscellaneous edible preparations	273.9	893.3	1,492.1	1,905.8	2,308.2	3,498.8	3,893.5
22 Beverages, spirits and vinegar	650.1	2,065.3	3,544.9	7,754.8	8,949.6	6,964.3	7,776.2
23 Residues and waste from the food industries; prepared animal fodder	2,202.0	3,539.8	9,975.4	10,107.4	8,392.3	3,833.8	5,999.6
24 Tobacco	4,468.7	8,382.9	15,015.0	18,262.2	16,570.0	22,343.5	27,334.6
41 Raw hides and skins (other than furskins) and leather	2,606.1	8,163.2	16,400.8	20,069.1	23,564.3	12,885.8	18,160.5
44 Wood and articles of wood; wood charcoal	6,902.8	13,037.3	24,578.7	24,556.4	28,231.4	39,088.7	29,263.5
45 Cork and articles of cork	29.8	81.5	43.5	38.2	86.3	119.5	143.1
46 Manufactures of straw, of asparto and of other plaiting materials; basketware and wickerwork	63.4	279.5	826.5	707.1	617.6	683.2	819.8
50 Silk and waste silk	78.8	169.5	351.8	460.1	497.0	698.3	917.8
51 Wool and other animal hair	2,144.9	3,178.5	5,852.9	5,757.3	4,963.4	6,201.2	8,722.3
52 Flax and ramie	218.7	363.4	742.1	746.8	506.3	579.0	549.4
55 Cotton	2,371.7	8,420.6	10,198.9	11,261.5	10,649.9	12,954.1	8,473.3
57 Other vegetable textile materials; paper yarn and woven fabrics of paper yarn	885.0	905.2	1,073.4	928.4	999.0	996.8	1,056.4
TOTAL	66,628.7	181,421.0	262,749.5	284,102.7	300,975.1	348,485.6	386,457.4

ANNEX IV (Table 1)  
Subsidies to the Agricultural Sector  
(million Ptas.)

<u>SECTOR</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Cereals	4.280,0	8.253,5	9.706,5
Fats	1.880,2	3.459,2	4.942,6
Sugar beet and sugar cane	1.382,9	3.588,7	2.208,3
Fruit and vegetables	1.181,3	2.023,7	2.282,7
Wine	338,1	2.523,7	3.141,3
Cotton	2.877,2	4.087,5	3.031,1
Various vegetable products	618,0	3.855,2	3.458,5
Milk	421,0	973,3	1.679,9
Meat	1.420,1	891,0	594,6
Poultry products	894,6	157,0	63,0
Various animal products	798,2	1.342,6	2.482,7
Structural measures	31.992,3	29.641,1	49.705,6
<b>TOTAL</b>	<b>48.083,9</b>	<b>60.796,5</b>	<b>83.296,9</b>

These amounts include subsidies and credits (interest payments).

REFUNDS

The subsidies reported in the table on the preceding page include the amounts indicated below corresponding to export refunds. Export subsidies are granted with the objective of relieving temporary pressure of supply on the domestic market. Their influence on international trade is virtually negligible because of the very small quantities on which they are granted.

<u>SECTOR</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Rice	205,1	376,1	92,6
Olive oil	-	209,0	89,0
Fruit and vegetables	494,0	752,1	651,8
Wine	250,0	1.215,0	1.627,0
Lentils	-	37,0	-
Chickpeas and green beans	29	-	-
Milk	-	-	443,0
Meat	-	15,0	11,0
Poultry and eggs	46,0	9,0	40,0
TOTAL	<u>1.024,1</u>	<u>2.623,2</u>	<u>2.954,4</u>



PERCENTAGE DISTRIBUTION OF SUBSIDIES

<u>SECTOR</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Cereals	8,5	13,6	11,6
Fats	3,9	5,7	5,9
Sugar beet and sugar cane	2,9	5,9	2,6
Fruit and vegetables	2,3	3,3	2,7
Wine	0,7	4,2	3,8
Cotton	6,0	6,7	3,6
Various vegetable products	-	5,4	2,9
Milk	0,9	1,6	2,0
Meat	3,0	1,3	0,7
Poultry products	1,9	-	-
Various animal products	1,7	2,2	3,0
Structural measures	68,2	50,1	61,2
<b>TOTAL</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>

### INDUSTRIAL PRODUCTS

The industrial sector is marked by subsidies involving financial instruments to promote innovation in Spain. They are as follows:

#### SCIENTIFIC AND TECHNOLOGICAL RESEARCH ADVISORY COMMISSION (CAICYT)

The Commission comes under the Ministry of Education and, in addition to its study and advisory functions, it administers the National Scientific Research Development Fund. This Fund, established in 1964, is financed by annual appropriations from the General State Budgets and by the reimbursements of the loans it grants.

Vis-à-vis the enterprises, it concentrates on:

#### CONCERTED RESEARCH PLANS

Through these Plans the Commission seeks to encourage research activities in the enterprise. To that end it contributes funds to the enterprises requesting them, covering part of the costs of the R&D project for which the request is made.

Concerted Plans are regulated by Decree 1410/1968, of 6 June, which, inter alia, provides for annual sessions of the Commission and establishes the financial conditions of its contribution, which takes the form of a long-term non-interest-bearing loan which, if the results of the research prove to be uneconomic, may be converted in whole or in part into a subsidy.

There are two types of Plans:

- Concerted Research Plans;
- Concerted Research Plans Co-ordinated with a Public Research Body.

Concerted Research Plans are implemented by the enterprise.

Normally, the amount of the financing does not exceed 50 per cent of the total cost of the project which is supervised by an "administrative commission", consisting of personnel of CAICYT and the enterprise. Patents or working models resulting from the project remain the property of the enterprise, and only where the results of the research are not considered exploitable would ownership of the industrial property concerned pass to CAICYT.

Up to 1981, CAICYT had financed 234 Concerted Plans, with contributions of 2,737 million pesetas. Of these Plans, 166 have been declared "successful" and 68, "unsuccessful".

The method of Concerted Research Plans Co-ordinated with a Public Research Body ("Co-ordinated Plans", for short) first emerged at the 1981 session. They seek to promote relations between industry and universities or Ministry research centres, by according special facilities to enterprises which undertake research projects jointly with one or more of such centres.

In this case the contribution of CAICYT is limited to the sum of the following items:

- (a) A quantity not greater than 50 per cent of the budget for the part of the programme to be carried out by the enterprise.
- (b) A quantity which may amount to as much as 100 per cent of that stipulated in the agreement concluded between the enterprise and the public centre or body concerned and which may not be less than 10 per cent of the total budget for the project.

In no case may the loan granted exceed 80 per cent of the total budget.

#### PARA-FISCAL LEVIES APPLIED TO INDUSTRIAL INNOVATION

The above heading refers to those additions to the price of certain products, subject to supervision by the Administration, which are to revert to industrial innovation activities.

To date, there have been two operations of this type: the UNLSA (PIU) Research Plan, and the creation of the Social Security Health Research Fund.

#### UNESA (PIU) RESEARCH PLAN

Article 11 of Royal Decree 1486/1980, of 19 July, provides that "enterprises of the electricity sub-sector shall be required to devote a quantity of not less than 0.3 per cent of revenue from energy sales to research in the field of energy as determined by the Ministry of Industry and Energy, for which purpose it will agree with Unidad Eléctrica Sociedad Anónima (UNESA) on the relevant technological programme".

For implementation of this Article a Committee was created consisting of representatives of the Ministry of Industry and Energy and of ASINEL (Electrical Industry Research Association), appointed by UNESA, its function being to analyse, approve and supervise the R&D projects which enterprises affiliated to UNESA may propose and to suggest areas of research.

By the beginning of 1981, R & D projects costing Pta 1,760 million, financed from these funds, had been initiated in the areas of:

- New energies
- Fossil fuels
- Technological savings and improvements
- Environment
- Grants to laboratories
- Miscellaneous

It must be emphasized that these projects have to be prepared by the electrical enterprises or their associations but this does not prevent the actual execution of any or all of the research project's activities from being entrusted to third parties.

#### INDUSTRIAL TECHNOLOGICAL DEVELOPMENT CENTRE

The Industrial Technological Development Centre (CDTI) was established as an autonomous body of the Ministry of Industry and Energy and began functioning in 1978. Created as an instrument of Spain's industrial policy, the CDTI's basic objective is to finance technological development projects.

Its main function is the administration of an initial fund of \$40 million (\$18 million coming from the World Bank and \$22 million from the Spanish Government), subsequently increased by appropriations from the General State Budgets, for investment in innovative projects.

In these projects the CDTI, through a co-operation agreement with an enterprise, participates financially to an extent which usually amounts to between 40 and 60 per cent of the project's budget. This financing is not a subsidy or a credit, but a contribution to risk and venture capital. To implement this category of risk contribution a financial arrangement has been arrived at which can be outlined as follows:

There is a contribution by CDTI to the project which is spread over the period of its execution.

Prior thereto, agreement has been reached on a levy or royalty on sales of the product or process to be developed that will serve to reimburse the CDTI for its participation over a period of time which logically cannot be determined in advance since it will depend on the trend of sales.

Once CDTI recuperates its participation, a new period begins, generally as long as the first period, during which the levy on the product continues, but at a rate different than before.

The funds obtained in this second period will help to compensate the CDTI for losses incurred in other projects or to increase its funds.

Up to July 1982, the CDTI had committed Pta 3,500 million.

### EXPORT CREDITS SYSTEM

In September 1977, Spain joined the OECD Arrangement on Guidelines for Officially Supported Export Credits, so that the entire system of financial support for exports is fully in accord with the standards of the OECD Consensus and is therefore consistent with the provisions of the second paragraph of section (k) of the Annex to the Subsidies and Countervailing Duties Code. Our country continues to be firmly committed to active support of the international efforts under the OECD Consensus to rationalize official support and to ensure uniform rules of conduct in the matter of export credits.

The export credits system now in force is governed by the Official Credits Law of 19 June 1971.

In Spain, the system is financed from two main sources:

- Private contributions, consisting of resources furnished by private banks, savings banks and the Banco Exterior de España.

Such resources are mobilized through the establishment of an obligatory coefficient of investment which must come from active operations connected with exports.

- Official contributions which, while channelled by the Banco Exterior and private banks, consist basically of grants of official credit implemented through the Official Credits Institute (ICO).

Normally, the credits cover an average of 70-80 per cent of the value of the export contract.

Owing to the complexity of the system, which intermingles public and private resources, it is very hard to calculate how much public support is ultimately involved.