

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

Committee on Subsidies and  
Countervailing Measures

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## SUBSIDIES

### Notifications Pursuant to Article XVI:1

#### UNITED STATES

This document updates, for the year 1983, the information furnished in section IV of the notification of subsidies in document L/5102/Add. 15 of 26 February 1982.

#### IV. COMMODITY CREDIT CORPORATION (CCC) PROGRAMS

##### I. Nature and Extent of Programs

The United States Department of Agriculture has the following programs under the Commodity Credit Corporation (CCC):

-- GSM-102 (Export Credit Guarantee Program). As its title indicates, it is a guarantee program, not a direct credit program. U.S. commercial banks extend the credit for periods between six months and three years. The U.S. exporter pays a fee to the CCC for the guarantee, and the U.S. lender sets the interest rate.

-- GSM-101 (Non-Commercial Risk Assurance Program). This is a guarantee program which preceded GSM-102. This program is no longer available, although there remain some outstanding contracts.

-- A blended credit program, initiated October 20, 1982, using GSM-5 (General Export Sales Program) direct credit and GSM-102 commercial export credit guarantees. The credit is blended on a ratio of a minimum of four parts of government-guaranteed credit and one part interest-free direct government credit. The guarantee covers 98 percent of the financed principal and interest up to eight percent per annum on the guaranteed amount of credit made available through private lenders. The blended credit is for terms of up to three years. The initial amount of credit provided was \$ 500 million (\$ 100 million direct credit and \$ 400 million guaranteed credit). In January 1983, an additional \$ 250 million in direct credits was announced to be blended with credit guarantees, as above, to finance at least \$ 1.25 billion in blended credit export sales.

-- The CCC has direct lending authority also under GSM-201 (for the export of breeding animals), and GSM-301 (intermediate credit principally for use in developing infrastructure in developing countries). These two programs have not been funded for several years.

-- The Agriculture and Food Act of 1981 establishes a revolving fund to finance the existing direct credit programs; however, no funds have been approved.

## II. Incidence

On January 17, 1983, the Government of the United States entered into an agreement with the Egyptian General Authority for Supply Commodities, providing for the commercial sale and delivery of one million metric tons of U.S. wheat flour to Egypt during the 12 to 14 months beginning March 1, 1983. The C&F price is \$ 155.00 per metric ton, with the CCC treating 77.5 percent of that purchase price as eligible for financing under the GSM-102 credit guarantee program.

The blended credit is provided to eligible U.S. exporters. Those exporters must certify that they have shipped the credit guarantee (GSM-102) portion of the contract to the approved foreign market before the CCC will provide funds for the direct credit (GSM-5) portion. While the requirements are for a minimum 4:1 ratio of credit guarantees to direct credit, in some cases the ratio may be higher in favor of guarantees.

As for the wheat flour sale to Egypt, the U.S. Department of Agriculture will provide, on a competitive bid basis, enough wheat from CCC stocks to enable U.S. flour suppliers to contract for sale and delivery to the Egyptian market at the agreed price.