

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

L/6297/Add.12

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SUBSIDIES

Notification Pursuant to Article XVI:1

Switzerland

The following notification updates the information contained in L/6111/Add.13.

Part One: Agriculture

I. Milk and dairy products

Dairy account (period 1 November-31 October)

During the 1986/87 accounting period, expenditure included in the dairy account of the Confederation was as follows:

	<u>Sw F million</u>
Disposal of butter	265,832
Disposal of cheese	464,548
Special price reduction for soft and semi-hard domestic cheese	35,971
Other measures (including valorization of various milk products)	63,019
Contributions to producers delivering no milk nor milk products	83,781
TOTAL expenditure	<u>913,151</u>

This expenditure was covered as follows:

	<u>Sw F million</u>
Contributions by the Confederation of which:	861,422
- general resources	571,816
- revenue from charges and price supplements	289,606
Share of losses payable by producers	51,729

There have been no changes in the policy and measures in respect of butter, cheese and preserved milk products, as described in earlier notifications.

II. Breeding and dairy cattle

There have been no changes in the policy and measures described in earlier notifications.

	<u>Sw F '000</u>
- <u>Total amount of subsidy</u>	106,000
. Promotion of sales of livestock of which:	106,000
- subsidies to relieve market pressure	2,286
- subsidies for culling	56,450
. Maintenance of exports	44,797
. Rearing of cattle	37,650
. Contribution to expenses of cattle-keepers in mountain areas	201,869
TOTAL expenditure	<u>345,519</u>

<u>Amount per unit</u>	<u>Average Sw F per head</u>
. Promotion of sales within the country:	
- subsidies to relieve market pressure	600
- subsidies for culling	440
. Maintenance of exports	2,530

There have been no changes in the contribution per unit of adult cattle to the expenses of cattle-keepers in mountain areas.

It is not possible to determine the contribution per unit for the rearing of cattle, smaller livestock, horses and poultry.

III. Wool

There have been no changes in the policy and measures described in earlier notifications.

- Total amount of subsidy
Sw F 1,798,000 for 630 tonnes of wool
- Amount per unit
Sw F 2.85 per kg. on average

IV. Eggs

There have been no changes in the policy and measures described in earlier notifications.

- Total amount of subsidy
Sw F 13,487,000
- Amount per unit
6.85 centimes per egg taken over

V. Bread grains

Subsidies paid by the Wheat Administration reached the following amounts:

	<u>Sw F '000</u>
- Price reduction	3,590
- Disposal of lower-quality domestic grains	31,976
- Reduction of milling price	714
- Production subsidies	20,630
- Improvement of wheat for sowing and reduction of its price	<u>1,500</u>
TOTAL expenditure	<u>58,410</u>

- <u>Amount per unit</u>	<u>Sw F per 100 kg.</u>
. Price reduction	0.95
. Disposal of lower-quality domestic grains	31.65
. Improvement for wheat for sowing and reduction of its price	7.00

There have been no changes in the amount per unit of production subsidies in relation to 1986.

VI. Feed grains

There have been no changes in the policy and measures described in earlier notifications.

- Total amount of crop bonuses

Sw F 143,901,000

In relation to 1986 there have been no changes in the amount per unit of the basic bonuses, except for an increase in the crop bonus for leguminous grains.

In regions where farming conditions are difficult, the supplement is as follows:

	<u>Sw F per ha.</u>
. Sloping land	720
. Extended intermediate zone ¹	225
. Intermediate zone ¹	500
. Sub-Alpine hill zone	720
. Mountain region, zone I	950
. Mountain region, zones II-IV	1,150

VII. Colza

There have been no changes in the policy and measures described in earlier notifications.

- Total amount of subsidy

Sw F 40,039,000

- Amount per unit

Sw F 815 per tonne

VIII. Sugar beet

There have been no changes in the policy and measures described in earlier notifications.

- Total amount of subsidy

Sw F 32,500,000

- Amount per unit (per kg. of refined domestic sugar)

29 centimes

¹ Except sloping land

IX. Potatoes

There have been no changes in the policy and measures described in earlier notifications.

-	Total amount of subsidy (accounting period: 1 July-30 June)	
		<u>Sw F '000</u>
		1986/87
	Promotion of potato utilization of which:	8,252
.	Disposal of potato seedlings	4,017
.	Subsidies for utilization of potato surpluses	2,401
	Promotion of potato cultivation in mountain areas or on sloping ground (including half-share paid from Federal funds)	4,593
-	<u>Amount per unit</u>	<u>Sw F per ton</u>
		1986/87
.	Utilization of surpluses	20.20
-	<u>Subsidies to area in 1987</u>	<u>Sw F per ha.</u>
.	Mountain areas	2,200
.	Sloping land outside mountain zones	1,600

X. Fruit

There have been no changes in the policy and measures described in earlier notifications.

- Total amount of subsidy (accounting period: 1 July-30 June)

Sw F '000
1986/87

Promotion of utilization of fruit, 32,441
of which:

. Utilization of pip fruit	5,220
. Utilization of concentrated fruit juice	22,734
. Utilization of cherries and plums	1,132
. Information and advertising	2,285

Transformation of fruit-growing 1,056

Disposal of apricots from Valais 3,850

- Amount per unit

The subsidies for disposal of Valais apricots amounted to 35 centimes per kg.

The subsidies per unit in respect of the other measures mentioned cannot be indicated, because they vary too much depending on circumstances and the market situation.

XI. Vineyard products

In order to encourage non-alcoholic utilization of part of the 1987 grape harvest, contributions were paid as in the preceding year to producers of grape juice and grape must, as well as to forwarding agents of dessert grapes. These subsidized products were consumed in Switzerland. No subsidies were granted for the storage of surplus wine. There have been no changes in the other measures described in the preceding notification.

- <u>Amount of subsidy</u>	<u>Sw F '000</u>
Vineyard renewal	1,901
Verification of harvest	1,035
Utilization of grapes	36,995
TOTAL expenditure	39,871

- Amount per unit

There have been no changes in the contributions per surface unit for vineyard renewal. It is not possible to give a breakdown per unit for harvest verification. As regards non-alcoholic utilization of part of the grape harvest, financial aids varied according to the source of the product. They amounted to:

Grape juice: between Sw F 1.30 and Sw F 3.40 per litre of grape must
 Grape must: up to Sw F 2.95 per litre
 Dessert grapes: up to Sw F 2.10 per kg.

XII. Processed agricultural products

There have been no changes in the policy and measures described in earlier notifications.

- Amount of subsidy

For 1987, the amount of the contribution to exports paid for agricultural commodity categories was as follows:

	<u>Sw F '000</u>
Dairy products	34,785
Cereal products	7,348
Preserved eggs	770
Sugar and molasses	8,442

- Production, imports, exports and consumption of the principal processed agricultural products

The data for 1987 are as follows:

<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>
	<u>'000 tons</u>		
321	53	88	286

Part Two: Industry

For the sake of transparency, the Swiss Government is notifying below the subsidies granted in the industrial sector during financial year 1985. In view of their limited financial impact, these subsidies have had only very slight economic repercussions. The first two are intended to reduce the economic difficulties which arose as a result of the recession during the second half of the 1970s and are therefore temporary. On the other hand, the Swiss Office for Development of Trade (OSEC) is a permanent institution. Lastly, encouragement of Swiss film production has not really an economic, but a cultural objective.

A common characteristic of these subsidies is their general purpose. They are not designed to promote a specific product or category of products. It is therefore impossible to break down the total amount of a subsidy by units of production. Hence, in what follows no attempt has been made to calculate amounts per unit.

I. Financial assistance to areas whose economy is threatened

There have been no changes in the policy and measures described in the preceding notification.

<u>- Amount of subsidy</u>	<u>1987</u>	<u>Sw F million</u>
-- Total amount of credits guaranteed		38.7
-- Effective provision to cover losses		1.54
-- Contribution to loan service		2.20
<u>- Estimated amount per unit</u>		

See introduction.

- Effects of the subsidy

By reason of their nature, these measures will produce their full effects only in the medium and long-term. It may already be noted, however, that they have helped to maintain several hundreds of jobs and have helped to create about 830 jobs in areas whose economy is threatened.

II. Measures designed to promote technological development and training

-	<u>Amount of subsidy</u>	<u>1987</u>	<u>Sw F million</u>
			6.8

- Estimated amount per unit

See introduction.

- Effects of the subsidy

The measures are aimed above all at improving general conditions by promoting training and encouraging research. The aim is to improve the adjustment capacity of our economy. They should be seen in the same context as the measures designed to alleviate economic difficulties in the years 1978/82 described in earlier notifications. It is impossible to quantify their effects. In view of their small financial impact, their effects on trade can only be very slight.

III. Contribution to the Swiss Office for Development of Trade (OSEC)

There have been no changes in the policy and measures described in the preceding notification.

-	<u>Amount of subsidy</u>	<u>1987</u>	<u>Sw F million</u>
			7.0

- Estimated amount per unit

See introduction.

- Effects of subsidy

Since the activities of the Swiss Office for Development of Trade (OSEC) are designed, inter alia, to encourage Swiss exports in general, it is impossible to quantify their effects.

IV. Encouragement of Swiss film production

There have been no changes in the policy and measures described in the preceding notification.

-	<u>Amount of subsidy</u>	<u>1987</u>	<u>Sw F million</u>
			6.3 ¹

¹The figure of Sw F 7.5 million for the year 1986 was unduly high because an amount of Sw F 1.5 million was earmarked for archiving, mainly of historical works, and cannot be considered as subsidization of production.

- Estimated amount per unit

The amount granted for each film varies considerably, according to its nature, category and length. Consequently, calculation of an amount per unit would be meaningless.

- Effect of the subsidy

In view of the limited financial means available to the Confederation for subsidizing Swiss film production, there can be no question of trying to promote or develop this industry. The aim is to rather offset, to some extent, the difficulties encountered in producing films in a small country where four languages are spoken. Swiss production has remained very marginal. Imports totalled 398 films.