

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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SUBSIDIES

Notifications Pursuant to Article XVI:1

SWITZERLAND

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

PART ONE: AGRICULTURE

I. Milk and dairy products

The policies and measures described in previous notifications have not been modified.

During the 1987/88 accounting period (State accounts, 1988), the expenditure in the dairy account of the Confederation was as follows:

	<u>Sw F'000</u>
Disposal of butter	289,783
Disposal of cheese	489,544
Special price-reduction for domestic soft and semi-hard cheeses	42,387
Other measures (including enhancing the value of various dairy products)	37,616
Contributions to producers delivering no milk or dairy products	89,363
Total expenditure	948,693 -----

This expenditure was covered as follows:

	<u>Sw F'000</u>
Contributions by the Confederation	898,033
from:	
- General resources	571,990
- Revenue from levies and price supplements	326,043
Share of losses payable by producers	50,660

II. Breeding and dairy cattle

A scheme introduced in 1988 provides for contributions to cattle-owners to improve the competitiveness of small and medium-sized farms.

- <u>Total amount of subsidy</u>	<u>Sw F'000</u>
Promotion of sales of cattle,	88,181
from:	
- Subsidies for culling	56,881
- Maintenance of exports	27,563
Breeding of cattle	38,450
Contributions to costs of cattle-owners in mountain areas	209,202
Contributions to cattle-owners	44,486
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Total expenditure	380,319 *****

Average Sw F per head

- <u>Amount per unit</u>	
Promotion of sales within the country:	
- Subsidies for culling	405
Maintenance of exports	2,340

Average Sw F per head

Contribution to expenses of cattle-keepers in mountain areas (limited to fifteen head of cattle per holding

-	Alpine foot-hills zone	140
-	mountain zone I	270
-	mountain zone II	480
-	mountain zone III	680
-	mountain zone IV	900

Average Sw F per farm

Contributions to cattle-owners 2,000

It is not possible to determine the contributions per unit of cattle.

III. Wool

The policies and measures described in previous notifications have not been modified.

- Total amount of subsidy
Sw F 1,800,000 for 650 tons of wool.
- Amount per unit
Sw F 2.77 per kg., on average.

IV. Eggs

The policies and measures described in previous notifications have not been modified.

- Total amount of subsidy
Sw F 14,623,000.
- Amount per unit
Sw F 3.98 per egg taken over.

V. Bread grains

The subsidies paid by the Grains Administration amounted to the following:

	<u>Sw F'000</u>
- Price reductions	1,229
- Disposal of lower-quality domestic grains	41,357
- Reduction of milling price	-
- Production subsidies	20,630
- Wheat-seed improvement and price-reduction	1,400
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Total expenditure	64,616
<u>Amount per unit</u>	<u>Sw F per 100 kg.</u>
- Price reduction	0.32
- Disposal of lower-quality domestic grains	31.70
- Wheat-seed improvement and price-reduction	7.00

There has been no change in the 1987 amounts per unit of production subsidies.

VI. Feed grains

The policies and measures described in previous notifications have not been modified.

Total amount of crop bonuses

Sw F 168,200,000

The amounts per unit of basic bonuses were increased by Sw F 100 per hectare in 1988 except for maize seed.

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

	<u>Sw F per hectare</u>
Sloping terrain	800
Wide intermediate zone ¹	250
Intermediate zone ¹	550
Alpine foot-hills zone	800
Mountain zone I	1,050
Mountain zones II-IV	1,250

¹Excluding sloping terrain.

VII. Colza seed

The policies and measures described in previous notifications have not been modified.

- Total amount of subsidy

Sw F 40,100,000.

- Amount per unit

Sw F 801 per ton.

VIII. Sugar beet

The policies and measures described in previous notifications have not been modified.

- Total amount of subsidy

Sw F 32,500,000

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

Sw F 0.24

IX. Potatoes

The policies and measures described in previous notifications have not been modified.

-	<u>Total amount of subsidy</u> (accounting period: 1 July to 30 June)	
		<u>Sw F'000</u> 1987/88
	Encouragement of utilization of potatoes	10,149
	including:	
-	Disposal of potato seedlings	5,327
-	Subsidies for the utilization of potato surpluses	3,761
	Encouragement of cultivation of potatoes in mountain areas and on sloping terrain (including the half paid by the Federal budget)	4,816
-	<u>Amount per unit</u>	<u>Sw F per ton</u> 1987/88
	Utilization of surpluses	40.85
-	<u>Subsidies based on area in 1988</u>	<u>Sw F per hectare</u>
	Mountain areas	2,200
	Sloping terrain other than mountain areas	1,600

X. Fruit

The policies and measures described in previous notifications have not been modified.

-	<u>Total amount of subsidy</u> (accounting period: 1 July to 30 June)	
		<u>Sw F'000</u> 1987/88
	Encouragement of utilization of fruit	11,158
	including:	
-	Utilization of pip fruit	892
-	Utilization of fruit-juice concentrate	9,829
-	Utilization of cherries and plums	379
	Disposal of apricots of the Canton of Valais	211

- Amount per unit

The subsidies per unit cannot be indicated, since their amounts vary too greatly depending on conditions and the market situation.

XI. Viticultural products

To encourage the non-alcoholic utilization of part of the 1988 grape harvest, contributions were paid, as last year, to processors of grape juice and to shippers of dessert grapes. These subsidized products were consumed in Switzerland. No subsidy was granted for storage of surplus wine. The other measures described in the last notification have not been modified.

<u>Amount of subsidy</u>	<u>Sw F'000</u>
Vineyard renewal	1,777
Harvest control	990
Grape disposal (including industrial use)	23,491
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Total expenditure	26,258

- Amount per unit

The amounts per unit of area for vineyard renewal have not been modified. A per-unit breakdown is not possible for harvest control. As regards the non-alcoholic utilization of part of the harvest, the financial aids varied depending on the provenance of the product. They amounted to:

Grape juice	-	between Sw F 0.85 and 3.70 per litre of must
Dessert grapes	-	up to Sw F 2.40 per kg.

XII. Processed agricultural products

The policies and measures described in previous notifications have not been modified.

- Amount of subsidy

For 1988, the amount of the export contributions paid for each of the agricultural commodity categories was as follows:

	<u>Sw F'000</u>
- Dairy products	50,284
- Cereal products	9,472
- Preserved eggs	1,069
- Sugar and molasses	10,604

PART TWO: INDUSTRY

For the sake of transparency, the Swiss Government is notifying below the subsidies granted in the industrial sector during the 1988 financial year. In view of their limited financial impact, these subsidies have only very small economic repercussions. The first two are intended to mitigate 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 the Expansion of Trade (OSEC) is a permanent institution. Lastly, the 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 the subsidy by units produced. Hence, in what follows no attempt is made to calculate amounts per unit.

I. Financial assistance to areas whose economy is threatened

The policies and measures described in the previous notification have not been modified.

<u>Amount of subsidy</u>	<u>1988</u>	<u>Sw F million</u>
- Total amount of credit guaranteed		39.5
- Actual disbursements to cover losses		3.66
- Contributions to servicing of interest		2.20
- <u>Estimated amount per unit</u>		

See introduction.

- Effect of subsidy

Because of their nature, these measures will produce their full effects only in the medium and long term. It may already be stated, however, that they have helped to save several hundred jobs and to create some 830 new ones in areas whose economy is threatened.

II. Measures designed to promote technological development and training

<u>Amount of subsidy</u>	<u>1988</u>	<u>Sw F million</u>
		6.7
- <u>Estimated amount per unit</u>		

See introduction.

Effect of subsidy

The measures are designed mainly to improve general conditions by the promotion of training and the encouragement of research. The purpose of the measures is to increase the adaptability of our economy. They are taken in the same context as the measures designed to reduce the 1978-82 economic difficulties described in previous notifications. It is impossible to quantify their effects. In view of the small financial impact of these measures, their trade effects can only be very slight.

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

The policies and measures described in previous notifications have not been modified.

-	<u>Amount of subsidy</u>	<u>1988</u>	<u>Sw F million</u>
			7.0

- Estimated amount per unit

See introduction.

- Effect of subsidy

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

IV. Encouragement of Swiss film production

The policies and measures described in the previous notification have not been modified.

-	<u>Amount of subsidy</u>	<u>1988</u>	<u>Sw F million</u>
			6.65

- Estimated amount per unit

The amount granted per film varies considerably depending on its nature, category and length. Consequently, calculation of an amount per unit is meaningless.

- Effect of 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 rather to offset somewhat the difficulties encountered in producing films in a small country where four languages are spoken. Swiss production has remained very marginal. 398 films were imported.