SUBSIDIES

Notifications Pursuant to Article XVI:1

Addendum

UNITED STATES

This notification is made pursuant to the Decision of the CONTRACTING PARTIES at the twentieth session. It reviews and reports changes in subsidy operations for the period 1 January 1966 to 30 June 1967, supplementing the report submitted by the United States in 1966 (L/2601/Add.14).

The United States continues to use three general types of export subsidy programmes for agricultural commodities and products thereof. These are payments under Section 32 of Public Law 320, payments on export sales under the International Wheat Agreement and the Commodity Export Programmes sales, and by the Commodity Credit Corporation at less than the domestic market price.

There have been no changes in farm policies since the previous notification. Neither have there been any basic changes in present programme provisions. The objective of farm legislation continues to be to devise programmes which maintain farm income, achieve and maintain a balance between production and use of food and fibre, and at the same time minimize the cost to the American taxpayer. The United States recognizes that agricultural support programmes can have restrictive and disruptive effects on international trade, and it continues to be a constant aim of United States policy to limit and neutralize these effects in so far as possible.

Export payments under Public Law 320, 74th Congress, Section 32

Poultry - This programme was introduced in October 1965 as a means of countering the subsidized poultry sales by other countries to Austria and Switzerland. It was suspended in January 1966 and re-introduced on a limited basis in October 1966.

Tobacco - Export payments under Section 32 have been discontinued. See description of current tobacco programme below.
Export sales at less than domestic market price

Compensation to exporters may be in cash or it may consist of sales of government-owned or loan stocks at competitive world prices. Export payments in kind were discontinued 26 August 1966.

Changes in programmes involving export sales at less than domestic market prices during the period of 1 January 1966 to 30 June 1967 are discussed below.

**Tobacco** - Following termination of the Section 32 Tobacco Export Programme in 1965, export sales of flue-cured tobacco from loan stocks at less than domestic market prices were authorized 11 February 1966. Specifically this Programme provided for rebates of 5 cents per pound to purchasers of 1960-62 crops of flue-cured tobacco from loan stocks upon proof of exportation. This Programme was undertaken in order to regain some of the export market lost by the United States since the early 1950's. During that fifteen-year period free world exports of tobacco increased about 75 per cent while United States tobacco exports stayed at a level of about 500 million pounds a year. On 22 April 1966 certain crops of fire-cured and dark air-cured tobaccos were made eligible for similar refunds.

Export payments of 5 cents per pound on sales from privately-owned stocks of 1960-1962 crops of flue-cured tobacco were approved 22 April 1966 after it became apparent that export sales of loan stocks were displacing such sales for privately held tobacco. This programme was extended to dark air-cured and fire-cured tobaccos of 1962 and certain earlier crops effective 24 May 1966.

The rebate programme and the export payment programme were replaced by a single broadened programme as of 1 July 1966. Payments have been made on exports since that date of flue-cured, dark air-cured, and fire-cured tobaccos of 1962 and certain prior crops at the rate of 10 cents per pound. Payments of 5 cents per pound are made to exporters of other crops of these kinds of tobaccos and to exporters of all crops of other kinds of tobacco on which price support was offered for the 1966 crop. The export subsidy payments for the period under review amounted to US$34.7 million.